

**BUDGET & FINANCE COMMITTEE
FISCAL YEAR 2017-2018 DEPARTMENTAL BUDGET REVIEWS**

MINUTES

The Fiscal Year 2017-2018 Departmental Budget Reviews of the Budget & Finance Committee of the Council of the County of Kaua'i, was called to order by Arryl Kaneshiro, Chair, at the Council Chambers 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Thursday, March 23, 2017 at 9:00 a.m., after which the following Members answered the call of the roll:

Honorable Arthur Brun (*present at 9:45 a.m.*)
Honorable Mason K. Chock
Honorable Ross Kagawa
Honorable Derek S.K. Kawakami
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Arryl Kaneshiro

Committee Chair's Budgetary Comments

Committee Chair Kaneshiro: On the schedule today, I will go through some ground rules for the budget proceedings. Shortly thereafter the Mayor and the Administration will be given some time to present their overall Fiscal Year 2017-2018 submittal, followed by the Departmental Budget Review for the Office of the Mayor, which includes Life's Choices, Youth Work Program, and Equal Employment Opportunity Commission (EEOC) and Americans with Disabilities Act (ADA) Coordinator, and the Office of Boards & Commissions. Every day we will be taking public testimony first thing in the morning, nine o'clock (9:00 a.m.), anyone in the public wishing to testify this morning? Seeing none, I would like to call this meeting back to order and provide some ground rules.

I have some quick ground rules; we kept it simple and fast. For the entire budget session, the Council rules will continue to be enforced. A memorandum dated December 7, 2016 was distributed to all Members regarding the Fiscal Year 2017-2018 budget expectations. Departmental Budget Reviews, I think the expectation was that the departments were going to come in and just present financial information. They are going to keep it to the numbers this year. It might speed things up a little bit. Just looking at anything they did last year to cut costs, what they did to be efficient, any variations this year, and what else they are doing to continue to cut costs and be efficient. Departmental Budget Reviews—please review all budget material and prepare any questions as to Councilmembers pertaining to the budget prior to each scheduled review. If additional time will be needed to compile a response, please transmit your request in advance to limit the number of follow-up questions at the end of each session. The Departmental Budget Reviews will follow the pre-established schedule. Should any departments' or agencies' review finish before their allotted time, the next scheduled review will follow immediately. This is to minimize the need to schedule Budget Call-Backs, which hopefully we will not have any. Question and answer between Council and Administration will commence after the respective department or agency has finished their presentation. Questions should be focused on the Fiscal Year 2017-2018 budget proposal. The Administration has been asked to come prepared with key personnel to answer any questions relating to the budget in an effort to minimize the amount of written follow-up questions transmitted, which may take a considerable amount of time to prepare and to avoid interfering with regular County

operations. So, be cognizant on the questions we ask. I think they might have had over five hundred (500) questions that they had to present back to us in writing, so let us be cognizant of their time too. If they answered the questions here, let us note it, and not have to ask them the same questions, unless you absolutely need it. Decision-Making will be on Thursday and Friday, May 11, 2017 and May 12, 2017, and Monday, May 15, 2017, if needed. Staff will be scheduling meetings with each Member between April 20, 2017 and May 5, 2017 to prepare any budget amendments prior to the Decision-Making session. Any proposal to add to the budget should identify the appropriate source that would be used to account for the budget increase, so it should come with a budget cut. Four (4) votes are required to reduce or remove an item, five (5) votes required to increase or add an item. Decisions will be made by department by department. The Committee will then consider any revenue proposals thereafter, if necessary. The Committee will not revisit items after it has been addressed, unless the Committee absolutely deems it necessary, but we have not had to do that yet and I want to keep it that way. With that, I would like to thank everybody ahead of time, the Council and Administration, for all of their hard work. I look forward to a very efficient and productive budget this year. This will be a very difficult session. We passed yesterday resolutions for a reserve policy structurally balanced budget and it is going to take discipline to adhere to these policies to be fiscally responsible, especially when we see an ever-growing budget and a possible tax increase or right now, a possible tax increase. Overall, my goal is to preserve our reserve balance and just make the difficult decisions facing us today that we deal with head on, look for the cuts, look to be more efficient, and make the best decisions we can now without having to raid the reserves. I think raiding the reserves is probably the easiest way out, but all we are doing is kicking the can down the road. It is my goal to preserve the reserve balance throughout this budget and deal with the budget we have at-hand. I have asked the Administration to focus their budget presentations to Fiscal Year 2017-2018 budget proposal and to include any additional narrative information to their written presentations, which we have all received in advance. It is my hope that this will allow for more efficient budget sessions, focus primarily on their budget being presented to us, and focusing on the numbers. Moving on with the schedule, I will suspend the rules and ask that the Members to please hold your questions. The Mayor has a budget overview that they are going to present. Take it away, Mayor.

Budget Overview

There being no objections, the rules were suspended and proceeded as follows:

BERNARD P. CARVALHO, JR., Mayor: Good morning Chair Rapozo, Budget & Finance Committee Chair Kaneshiro, and of course Members of the County Council. Before I get into my delivery, I just wanted to say that one week ago, we did our State of the County and I appreciate all of you being there and sharing that with us as a team. Today, we move on into our discussions. I am here today with our Managing Director Wallace G. Rezentes, Jr., Director of Finance Ken M. Shimonishi, and our Assistant Chief Procurement Officer/Budget Chief Ernest W. Barreira. As we go through our presentation today, pursuant to the requirements of the Kaua'i County Charter, we presented to you our proposed Operating Budget for the Fiscal Year 2018. I will begin this presentation with a brief overview of our proposed budget and then turn it over to our team for further overview. We will be looking at giving more detail breakdown of our Operating Budget and projected revenue and some specifics on our expenses. Following the brief overview, we have our Department Heads, who are right behind me. They are all here full-force as a

team. Following this brief overview, we will have our Department Heads with their staff conduct their department-specific presentations to discuss each of their budgets in more detail and of course, answer any questions that you may have. *Mahalo* for this opportunity for this open interactive dialogue.

This proposed budget continues to pursue the shared goal of the County Council and the Administration to build a financial strategy, I think that is very important, seeks to address the County's short-term objectives while maintaining long-term financial stability, and we talked about that in our State of the County. I realize that Council is well versed and our goal to build a long-term financial plan, I would like to give a brief overview for our viewing public and again this entire effort, which is truly a team effort on both sides, so I think that is a good, good thing. Building a sound financial plan allows the County to respond to severe revenue shortfalls and other risks such as natural disasters, which we know here on Kaua'i, it is not a matter of if, but when, and so being fiscally and being prepared, of course, is always at the forefront. For the past two (2) years, our County has worked with the Government Finance Officers Association (GFOA) to analyze and recommend General Fund reserve requirements based on an assessment of the County's specific risks. Therefore, based on the GFOA risk analysis, this Administration proposed to initially establish a reserve of thirty percent (30%) of our prior year's revenues. The importance of the minimum reserve is critical to a County's long-term financial plan and so hence, the resolutions that came across yesterday. I am very thankful for that passing of those resolutions. Additionally, in order for the County to achieve long-term financial stability, we must create a structurally balanced budget that looks beyond the current year to ensure that on an annual basis our recurring revenues meet our recurring expenditures without the need to dip into our reserves. Consequently, this Administration proposed two (2) resolutions, of which I just mentioned, and again were transmitted to you folks yesterday and I would like to take this opportunity to once again *mahalo* you for approving the resolutions at the meeting yesterday. This lays a foundation for the upcoming budget discussions, healthy discussions, and more importantly helps to ensure the County will meet its structurally balanced budget practices and adequate reserve retention ultimately leading to the County's long-term financial sustainability. Going back to this proposed budget, I am proud to say that it is structurally balanced while fully funding our Other Post-Employment Benefits (OPEB) and other obligations and meets the minimum thirty percent (30%) objective as set forth by the proposed resolutions. This translates into a reserve of forty-two million dollars (\$42,000,000). I am confident that these policies will place us in a far better position as we seek additional bond financing to support critical projects as evidenced by the recent Fitch Ratings Inc. upgrade from double "A" (AA) minus, to double "A" (AA), and plus, soon. But, as I said during my State of the County address, our long-term viability means nothing if we cannot meet our present day objectives and we know in listening to our community concerns that we must address the condition of our roadway and that was stated very clearly at the State of the County. This fiscal year, we are dedicating six million dollars (\$6,000,000) to fund road repairs and maintenance and a portion of that funding will be used to leverage an additional six million dollars (\$6,000,000) in Federal funding to address critical needs along our collector roads, especially: Maluhia, Kōloa, and Olohena Roads. We have talked about those in the past. That is a total of twelve million dollars (\$12,000,000). It is important to note that the County maintains roughly three hundred (300) miles of roadway with a one hundred twenty-six million dollar (\$126,000,000) backlog in maintenance costs, but this one time dedicated funding will make a difference in addressing the most critical of road repair needs islandwide. In addition to road repairs, we will be dedicating six hundred thousand

dollars (\$600,000) to maintain our unpaved parking lots at our County parks and beach park facilities. Now with this funding, we will be repairing our parking lots at Hā'ena Beach Park, Black Pot Beach Park, Keālia, Nāwiliwili, and more. We, of course, have many more projects on the horizon through various departments and funding sources. We will discuss these projects as we bring in our Department Heads for this presentation and specific overviews on each Department's overall plan, but I want to assure both the Council and the community, the people watching, that roads and parks maintenance are high priorities for this Administration in this coming year. Continuing to deliver desired services while maintaining a structurally balanced budget is not without challenges, as we all know, but of course, these projects come at a cost. On that note, a brief overview of what was said at our State of the County, I am going to hand it over to Director of Finance Ken Shimonishi and he is going to go into some of the details of our revenues, expenses, and then we will close our session and open it up for questions. So, Ken.

KEN M.SHIMONISHI, Director of Finance: *Aloha.* Thank you, Mayor. Ken Shimonishi, Director of Finance. Starting off with our budget proposal as the Mayor just finished off. It includes elements of long-term financial planning. Again, structurally balanced budget resolution, which basically means recurring expenditures should be covered by recurring revenues and reserve funds and reserve fund policy resolution, which is based on the comprehensive risk-analysis by GFOA, specific to the County of Kaua'i. We presented these two (2) policies as well as another policy at the January Workshop that we held with the Council. What does that translate to or look like? In terms of our structurally balanced budget resolution, this is a historical look back at what was previous practiced in terms of our General Fund and how much we relied on the Fund Balance to help balance the budget. So, you can see back in Fiscal Year 2013, we used eighteen million five hundred thousand dollars (\$18,500,000), in Fiscal Year 2014, we used eleven million seven hundred thousand dollars (\$11,700,000), and in Fiscal Year 2015, we used three million one hundred thousand dollars (\$3,100,000). In Fiscal Year 2016, we used one hundred twenty-six thousand dollars (\$126,000), and in the last year, Fiscal Year 2017, we did not use any. Again, this year, we are not using any. Again, I think a very significant trend to improve the overall financial health of the County. Again, we want to see that trend continue as we move forward through future years.

In terms of the reserve fund and policy resolution, the reserve fund policy resolution was to establish a minimum target of thirty percent (30%) of the prior year's revenues. We are looking at General Fund in this area. Based on the Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR), the General Fund revenues were one hundred forty million three hundred thousand dollars (\$140,300,000), roughly. The reserves of thirty percent (30%) would then translate to forty-two million one hundred thousand dollars (\$42,100,000) approximately again. Therefore, where we are currently at this time is our unassigned fund balance of thirty-five million four hundred thousand dollars (\$35,400,000), our reserve for disasters of four million one hundred thousand dollars (\$4,100,000), and our self-insurance assigned fund balance of one million seven hundred thousand dollars (\$1,700,000), for a total of forty-one million four hundred thousand dollars (\$41,400,000). With this budget proposal that we sent forth, we have proposed contributions into our reserve natural disaster area of six hundred ninety thousand dollars (\$690,000), as well as an increase to our self-insurance component of two hundred fifty thousand dollars (\$250,000). Thus, that would bring our total available to be applied to this reserve of forty-two million three hundred thousand dollars (\$42,300,000) and therefore we would

have met the thirty percent (30%) resolution that was passed by the Council yesterday and hopefully we will keep that going forward.

Overall, our Operating Budget elements by category, this is directly from the Mayor's message. We did see an increase in our overall budget. Last year's budget was one hundred eighty-nine million seven hundred thousand dollars (\$189,700,000), compared to the proposed budget set forth at two hundred four million one hundred thousand dollars (\$204,100,000), a fourteen million four hundred thousand dollar (\$14,400,000) increase. The bulk of which is in the salaries and related line item of eight million three hundred thousand dollars (\$8,300,000), which includes ERS contribution increases of four percent (4%) and two percent (2%). Four percent (4%) related to Police and Fire and two percent (2%) related to all other employees. We had Mr. Thomas Williams come before the Council and present the ERS recommendations to increase the contributions and in fact, they are seeking larger increases, but this is a plan to phase in those increases over a four (4) year period. We also have in there, anti-spiking cost that was based on the historical spiking cost that we receive last year of approximately nine hundred thousand dollars (\$900,000). And also an allowance for collective bargaining. Our utilities show a reduction of approximately four hundred thousand dollars (\$400,000) and this is primarily due to the conversion of streetlights to light-emitting diode (LED) bulbs. Operations increased by four million seven hundred thousand dollars (\$4,700,000) and again, as the Mayor mentioned, we increased the roads repair budget to six million dollars (\$6,000,000). This was an increase of three million two hundred thousand dollars (\$3,200,000) over last year. We also included new equipment replacement, heavy-duty equipment totaling three million six hundred thousand dollars (\$3,600,000) and vehicles totaling one million one hundred thousand dollars (\$1,100,000) and the additional debt of leasing those vehicles over a five (5) year period is an additional one million dollars (\$1,000,000). The reserve, I spoke about earlier, but that is an increase in the contribution of four hundred forty thousand dollars (\$440,000) over last year, but that gets us to the thirty percent (30%) target that we have set through the resolution. Our debt service also increased by one million three hundred thousand dollars (\$1,300,000) and that is in anticipation of a new bond issue of twenty-three million (\$23,000,000) to address critical projects that we have on the horizon. Overall, on slide 9, we have two (2) charts that just graphically illustrate how the budget has changed and I guess you can say that we show a slight increase in our operations. Again, we addressed that as far as the percentage of the budget that is going towards our operations overall this year and also a slight increase in the debt service with half a percent (.5%) reduction in salaries and other related areas.

Looking at the Departments that make up the Operating Budget, this would be now excluding our debt service, excluding our reserve contributions and the OPEB contributions. Again comparing which departments make up the largest pieces of the pie, the Department of Public Works makes up the largest piece with last year being twenty-seven point two percent (27.2%) of the budget, the light blue area, followed by Police and Fire. If you look at Fiscal Year 2018, the proposed budget, the Department of Public Works makes up twenty-eight point four percent (28.4%) of the budget. It is a slight growth, but again, they would house the cost for the roads resurfacing. A lot of the equipment replacement as well and then the slight growth in the Police and Fire as well. On slide 11, focusing in on just our General Fund; again, just looking at the General Fund expenses, you can see that in 2017 the salary benefits and collective bargaining attributed to eighty-two point six percent (82.6%) of the total General Fund budget. In 2018, that percentage increases to eighty-three point three percent (83.3%) and keep in mind that we

have built in for the increase in our ERS and the anti-spiking as well as an allowance for collective bargaining. On slide 12, if we were to look at that eighty-three point three percent (83.3%) or that largest blue slice of the pie to say, "Where do the salaries and benefits and cost really get paid out by department?" Again, you can see that the Police and Fire in the Fiscal Year 2017 attributed to fifty-three point eight percent (53.8%). In Fiscal Year 2018, that number is now fifty-five point two percent (55.2%), which is a slight growth in there, which would be expected given that the ERS contributions increase are higher in those two (2) departments as well. On slide 13, we show a summary of revenues by fund. Last year total revenues were one hundred eighty-three million four hundred thousand dollars (\$183,400,000). This year's request is one hundred ninety-four million two hundred thousand dollars (\$194,200,000) or ten million seven hundred thousand dollars (\$10,700,000), roughly six percent (6%). In the General Fund, the increase, which makes up the bulk of that is eight million seven hundred thousand dollars (\$8,700,000), followed by our Solid Waste Fund of a little over one million dollars (\$1,000,000) and then our Highway Fund of four hundred twenty-four thousand dollars (\$424,000).

Slide 14 shows a little more breakdown of where those moneys or revenues are coming from. The General Fund increased by eight million eight hundred thousand dollars (\$8,800,000) or six percent (6%), primarily due to real property taxes. Six million dollars (\$6,000,000) directly from new parcels, construction, and market conditions, with an additional three million six hundred thousand dollars (\$3,600,000) from the nineteen-cent (\$0.19) across the board proposed rate increase. The Highway Fund increased by four hundred twenty-four thousand five hundred dollars (\$424,500) due to higher fuel consumption projections, vehicle weight revenue, offset by lower Public Utility Franchise taxes. The Solid Waste increase by one million dollars (\$1,000,000), primarily due to landfill disposal revenue estimate adjustment based on historical data. So, no rate increases in those funds, but rather just our revisiting of our most recent projections based on prior year actuals.

Regarding the Real Property Taxes, this is information that we shared the past two (2) years where we look at the various classes of real property tax categories that make up the gross valuation as well as the actual taxes being paid. The chart on the left will show you that the Homestead class continues to be the largest portion based on gross valuation at twenty-nine point three percent (29.3%), while the chart on the right indicates the actual contribution of taxes at ten point nine percent (10.9%). Again, the Homestead class makes up twenty-nine point three percent (29.3%) of the total gross valuation, but ultimately only pay ten point nine percent (10.9%) of the total taxes collected because of exemptions and also the favorable tax rate that they enjoy. Again, the County has done a good job of trying to protect the Homestead class. I want to say that this projection area of the taxes includes the nineteen cent (\$0.19) rate increase. Looking back at Fiscal Year 2016-2017, those percentages were thirty point one percent (30.1%) in gross value and ten point nine percent (10.9). That ten point nine percent (10.9%) has remained unchanged from last year and the year prior, it was thirty point nine percent (30.9%) and eleven point three percent (11.3%), so the Homestead class was actually contributing a little more of their share of the pie in that year.

On slide 16, this is a chart that shows the real property tax rate for the Homestead class and I have to qualify that for Fiscal Year 2012, which is actually the assessment year, those years and prior is an average rate because the rates were split between building and land. Going forward, those are the actual rates, but you can see that we have held to the

three dollars and five cents (\$3.05) rate for the past five (5) years and what that nineteen cent (\$0.19) increase looks like going from three dollars and five cents (\$3.05) to three dollars and twenty-four cents (\$3.24). Based on the historical average rate, we are still well below that with this nineteen cent (\$0.19) increase.

Page 17, Revenue Uncertainty. Transient Accommodations Tax (TAT) we have all argued for the County's fair share of that. There have been many bills this Legislative session, however, the current bill at the legislature proposes to decrease counties share from one hundred three million dollars (\$103,000,000), and this is for all counties, back to ninety-three million dollars (\$93,000,000). This will be one million four hundred fifty thousand dollars (\$1,450,000) reduction in revenues and we will need to address this in the May 8 submittal, if this bill passes as-is. So, just to be sure everybody keeps that in mind. The General Excise (GE) tax surcharge authority to extend surcharge to other counties remains at the legislature. We are tracking that as well. Unfortunately, there are some bills that get us nervous. The State also seeks a constitutional amendment to allow state real property tax surcharge on certain residential investor type properties, so they are actually coming in to what I think the County is seeing our own little realm, but now they appear to be wanting to stick their hand in there, plus looking at a daily fee on visitor accommodations, or take over the entire real property tax functions in totality. Other than the Real Property tax rate adjustment, the Administration is not proposing any additional revenue measures.

Slide 18, our challenges ahead. All bargaining until contracts will expire this year, thus creating financial uncertainty as to what those impacts will be. As I mentioned earlier, the ERS continued impacts of Act 153 "Anti Spiking Bill" is expected for the foreseeable future. In addition, the ERS has announced the need to increase ongoing contribution rates. Additional debt service will be incurred once State Revolving Fund (SRF) loans are executed and proceeds drawn. Those debt service payments will kick in Fiscal Year 2019, the following year, so we have not included any of that in our current budget. In addition, the County must regularly replace aging heavy-duty equipment and vehicles, which will require additional annual funding until a sustained level is reached. Until we can get to a pattern where older vehicles drop off and new vehicles get picked up and we have a constant funding level and service to those departments.

Finally, I want to put a plug in for this tool that I have talked about before, our open government subscription. I have added to that a budget analysis tool and if you go to the Kauai.gov under the Financial Transparency link, you can launch that link. There are two (2) reports on there. One (1) is an Annual Operating Budget by Fund and this would give you the Operating Budget from 2010 through the Mayor's proposed Fiscal Year 2018. This is just a look at the revenues as well as a look at the expenditures that is in Section 2 of your binders. It does not include our contributions to self-insurance, reserve, open space, or the debt service funds, but it would include all of the departments various worksheets. The data is available there on an account level. The second report is a budget comparison and this just looks at the Fiscal Year 2017 that was approved by Council and the Fiscal Year 2018 that is currently being proposed by the Mayor. In that report, you will have a variance calculations between the two (2) years. You can select filter and do sorts and so on. It is structured somewhat in a financial statement format so that any variances that affect us positively, is shown as a positive variance. Any variance that affects us negatively is shown as a negative variance. For example, if revenues are higher this year, proposed higher this year than last year, it is shown as a positive variance. If expenses are shown

higher than last year, it is shown as a negative variance. Similar to what you would see in a financial statement format. With that...

Mayor Carvalho: With that, as you can see we have vetted out every single way, as far as I am concerned and our Budget Team has done a tremendous job in looking at every single way from looking at successes, challenges, possibilities, and trying to look at the current story and learning from the past and trying to instill and infuse many of the different options and opportunities and so we have a savings for the future and we can deal with what we have to do now. And of course, at the end of the day, it is about the people we serve. So, with all the resources at hand and working closely with you, Committee Chair Kaneshiro, and our team crossing over and looking and vetting out all the different possibilities, numbers, and this and that...I mean hours and hours of sitting together, I am telling you folks, weekends, after work, or whatever it took to come out with this fiscal story that really I feel is the best we can provide right now. I am hoping that we can look at this and hang on to some of the big pieces and be open to some of the discussion parts of it, but you will hear from each of our individual departments as they tell their story as well so we can vet out some of the specifics, but I feel like we have looked at every possible way. I think at the end, as you can see our Councilmembers and the public, hopefully we look forward to some healthy discussion as we move into the final decision making process of our Fiscal Year 2018 budget, but be assured that our Fiscal Team and our Budget Team, along with Department Heads have struggled, but at the same time have come forward with not only, "I need and I want," but more importantly how we can provide something for the public and understand that we are looking collectively as a package. Learn from the past, deal with the present, and prepare for the future. That is a big piece of it and I think that ties into what our Budget & Finance Committee Chair and all of you, Councilmembers, thank you for the opportunity and we look forward to healthy discussions as we kind of go through this whole financial stories, if you will, and of course the public will be with us every step of the way. I am looking forward to a healthy, final budget that everybody can be happy with. Thank you for the opportunity.

Committee Chair Kaneshiro: Thank you for the presentation. Councilmembers, we will open it up to questions on the presentation that they just did. If there are questions for particular departments, I would ask that we hold it until we see those departments when they come up, but overall questions on this presentation, we will open it up for that. Once we are done with that, we will move to the actual Mayor's budget. Any questions from the Members? Councilmember Kagawa.

Councilmember Kagawa: Thank you, Committee Chair. One of the largest increases were, you said, the Police and Fire salary items and included was the retirement benefits in that line item. One of the questions that come from the public to me a lot is how do we take out the overtime from being calculated into the retirement?

Mr. Shimonishi: Councilmember Kagawa, I think that is a bargain benefit and would actually require that to be done, but not only that, it is probably something that needs to be done at the State Legislature level to exclude those compensations amounts from being calculated into the retirement number that they have. I understand that that would be for employees hired, I believe it was July 1, 2012 and prior, but going from July 1, 2012 and later, overtime amounts are excluded. I know that for general employees, I am not sure how much that applies to Police and Fire, but that would be a Human Resources (HR) question that we need to follow-up on.

Councilmember Kagawa: I guess not only Police and Fire, but all employees of all units, how do you take out overtime and you said, "That is through collective bargaining and that is the time to address it." Do we address it when we have the contract before us and we just reject it because we want that to be taken out?

Mr. Shimonishi: I would ask that we clarify that through HR.

Councilmember Kagawa: Yes.

Mr. Shimonishi: I just do not want to give you false information, but that is my basic understanding of how it works.

Councilmember Kagawa: No, we do not have to address it now. We can wait for HR. I am just curious because like with a school teacher, if you teach summer school or driver's education or what have you, that does not get calculated into overtime. It is just your base salary. Every teacher knows that that is just a base salary, no overtime, no other extracurricular teaching jobs get added to it, but for Police and Fire, overtime does count. I am just wondering, the State agrees to different rules for different units, I guess, right? Second question, how much does the nineteen cents (\$0.19) generate?

Mr. Shimonishi: We are estimating that it would generate three million six hundred thousand dollars (\$3,600,000).

Councilmember Kagawa: How much of the TAT, since it has been capped, how much have we approximately lost out on?

Mr. Shimonishi: I believe last year we calculated it at roughly somewhere near fifty million dollars (\$50,000,000), I am sure that is grown more considering that the collects have increased more and we continue to lose out on that percentage share that we used to get.

Councilmember Kagawa: How long has the cap been in place?

Mr. Shimonishi: I believe since 2012.

Councilmember Kagawa: 2012. So, five (5) years then. Last question, if the GET, as you said in your Mayor's speech, State of the County's speech that you support the GET increase, if that were to be offered to the County and accepted, when would that go into place?

Mr. Shimonishi: We would have to clarify that with that State. I think our initial conversations was that it could not happen January of 2018.

Councilmember Kagawa: That would be the soonest?

Mr. Shimonishi: I think they are saying that it would have to happen after that.

Councilmember Kagawa: Okay.

Mr. Shimonishi: Possibly July 1st or more than likely January 1, 2019.

Councilmember Kagawa: It would be that long to put it into place?

Mr. Shimonishi: Yes.

Councilmember Kagawa: What amount are we looking at with that half percent?

Mr. Shimonishi: A half percent, again based on the numbers that the State Department of Taxation provided us, as well as some of the Legislature people. It was roughly twenty-two million dollars (\$22,000,000) to twenty-one million dollars (\$21,000,000) a year that would be net of the ten percent (10%) State administrative fee.

Councilmember Kagawa: Okay. There was also talk that the State was looking at possibly increasing that to thirty-three percent (33%), I guess, right?

Mr. Shimonishi: There was talk about increasing it, talk of decreasing it, and yes...

Councilmember Kagawa: Thank you. Thank you, Committee Chair Kaneshiro.

Committee Chair Kaneshiro: Those were good questions. Councilmember Yukimura.

Councilmember Yukimura: I just wanted to follow-up on Vice Chair's question about overtime. I think July 2012, the overtime, you were saying Mr. Shimonishi, cannot be used in calculating pensions, is that correct?

Mr. Shimonishi: That is my understanding.

Councilmember Yukimura: But as applied to workers who were getting into the collective bargaining agreements at the time of the passage of the legislation. So, it does not apply to those who were in the system before then?

Mr. Shimonishi: Correct.

Councilmember Yukimura: And that is why we have this anti-spiking factor of nine hundred thousand dollars (\$900,000) this year because the State also made the Counties responsible for paying for it.

Mr. Shimonishi: Yes.

Councilmember Yukimura: It used to be in the State's system, but now they are allocating it to us and that is the residue...or what shall I say, that is the cost of the grandfathering.

Mr. Shimonishi: Yes, that would be correct. Again, it is just my basic understanding of the anti-spiking that results within the employee's last ten (10) years. Their significant years of compensation increases, the three (3) higher, the high three (3), which is what is commonly referred to. When debt exceeds a certain threshold on a test results in additional cost being pushed back to the employer's groups.

Councilmember Yukimura: Okay. On slide 7, where you are showing...well, first of all, just thank you, Mayor, Mr. Shimonishi, and your Budget Team for slide 6. That really tells a very important story where you show how much we used to depend on the Fund Balance to balance our budget. Can we show that, please? And you know now we are off of it, right? Those are indicators of a structurally sound budget, right?

Mr. Shimonishi: That is correct. That is showing that we are using our revenues to cover our expenditures and then to note that in Fiscal Year 2013-2014, we incurred significant deficits.

Councilmember Yukimura: Huge.

Mr. Shimonishi: At the end of the operating year.

Councilmember Yukimura: Right, that shows really good budgeting and great leadership and good progress, so thank you very much for that. On the next slide, you show the breakdown of the reserve. I just wondered what do you use to determine the disaster reserve?

Mr. Shimonishi: The disaster portion, this was a carryover from the previous resolution that was in place. According to our accountants, this was the only piece that they could categorize as committed, so that portion from what was the previous reserve was held in this committed fund balance and we just kind of kept it going forward. Now that the Council has passed the new resolution, we will send that over to our accountants as well and work with our own in-house accounting staff and that would probably or likely change the assignment or committed categories. It may be all assigned as opposed to having some in the unassigned now, so that would restructure according to the policy.

Councilmember Yukimura: Yes, because I am just wondering what are the criteria of a disaster reserve and having been Mayor when we had, I guess, the biggest disaster in our history, I mean that is not really sufficient when you think about it, so that is why I am asking. And what you are saying is you are going to relook at that with the help of GFOA.

Mr. Shimonishi: Probably with the help of our auditors, N&K CPAs, Inc., Accountants Consultants (N&K), as well as our in-house staff, but again keep in mind that the reserve does not prohibit us from using more into a disaster type of situation than we have segregated (inaudible). We have not limited ourselves. Obviously, if something was to happen and we needed to use the forty-two million dollars (\$42,000,000) because of a hurricane, that would be all accessible.

Councilmember Yukimura: Yes, I understand that, but I do not know whether the public understands that. I mean just looking at a glance, you know, unassigned, it sounds like it is uncommitted.

Mr. Shimonishi: Right.

Councilmember Yukimura: To me the more realistic we can be about setting aside a disaster amount would be good.

Mr. Shimonishi: The Administration's hope would be that all of this money would be either assigned or committed in terms of our reserve.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: I have one (1) question.

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: Does anybody have questions for any of the Department Heads right now?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: You have questions for some of the Department Heads?

Councilmember Yukimura: I might.

Committee Chair Kaneshiro: On the overall...

Councilmember Yukimura: It might be on the Mayor. It depends if he wants to ask them when I ask him a question.

Committee Chair Kaneshiro: Because I was going to see if I could send any of them back already.

Councilmember Yukimura: It is up to you.

Committee Chair Kaneshiro: Because...

Councilmember Kagawa: Send them home.

Councilmember Yukimura: I cannot guarantee you because I do not know what questions the Mayor will answer and which questions he will ask his Department Heads to answer.

Committee Chair Kaneshiro: Okay.

Councilmember Yukimura: It is up to you.

Committee Chair Kaneshiro: Less if a question comes up, we can keep the question and hold it until they come up during the rest of the week when their department is here.

Councilmember Yukimura: Well it is (inaudible) when it is happening, to me it is easier to answer right away, but it is up to you, Committee Chair.

Committee Chair Kaneshiro: If you have questions that come up, I will take note of it and then we will be sure to ask the questions when the Department Heads come with their department budget, but for me, I do not think they need to sit here all day.

Councilmember Yukimura: It is up to you.

Committee Chair Kaneshiro: Mr. Shimonishi, you folks need to stay; the main folks on this budget proposal.

Mayor Carvalho: Right.

Committee Chair Kaneshiro: It is just my suggestion. I do not have any questions for any of the other department heads. I just have overall, general questions on this presentation. Mayor, if you...

Mayor Carvalho: Yes, let us get through our presentation right now and then once we are done, the department heads can go.

Committee Chair Kaneshiro: Okay.

Councilmember Yukimura: Thank you. On slide 8, and I will break after this question to ask if others have questions. You show the utilities decreasing by four hundred thousand dollars (\$400,000), which is also very commendable and you said it is primarily due to our conversion of streetlights to LED. The Mayor in his State of the County address said that our electricity bill has been going down, not just the bill, but the usage has been going down over several years now.

Mayor Carvalho: Several years now.

Councilmember Yukimura: I wondered if we could get maybe five (5) or ten (10) year...not now, but later on.

Mayor Carvalho: If I can, Ben Sullivan, Specialist IV-Energy/Sustainability has all of the information and when he comes up, we can have that ready for you. We have all of that information.

Councilmember Yukimura: That is great. Thank you. Committee Chair Kaneshiro, I have other questions, but I want to let the other Members ask their questions.

Committee Chair Kaneshiro: Anybody else have questions based on this presentation? I think majority of our questions are going to be general questions that Mr. Shimonishi, the Mayor, the Managing Director, and Mr. Barreira can answer, so I think it would be okay if the Department Heads leave. I will take note of any questions that

come up and they can answer it when they come in their department meeting. They can all get back to work.

Mayor Carvalho: *Aloha.* Good job you folks. Make sure you folks go back to your offices and you can watch if you need.

Councilmember Brun: Make sure they go back to work, Mayor.

Mayor Carvalho: Yes, they are all going back to work, do not worry, Councilmember Brun.

Committee Chair Kaneshiro: The people that are going to be here from the Mayor's Office can stick around though for the presentations today. Just an overview of what we have been discussing, the anti-spiking law was a great thing in 2012, but we are not going to see the fruits of that labor for another twenty (20) or thirty (30) years because anybody that was hired in 2011, we are going to have to pay that spiking cost when they retire in twenty (20) or thirty (30) years.

Mayor Carvalho: Right.

Committee Chair Kaneshiro: It is a nice step, but it is not an immediate effect that we will see today. It will be something that will happen later on. Hopefully our ERS goes down a little bit, but it looks like we are behind on that too, so it does not matter. Exactly what Councilmember Yukimura was saying on the reserves. GFOA did a very long analysis on looking at our past hurricanes, looking at other natural disasters and what the cost was and they spent a lot of time on trying to get a good estimate on what our reserves should be and what the categories are. You can continue with whatever questions you have.

Councilmember Yukimura: Thank you, Committee Chair Kaneshiro. On slide 13, you said that Solid Waste revenues has increased by one million dollars (\$1,000,000) not due to any increase in fees, but due to some estimate adjustment based on historical data. Does this mean that we now have more going into the landfill or we are calculating more going into the landfill then we thought?

Mr. Shimonishi: I have asked the...and we have just let them go, Department of Public Works, for estimates. They gave me tonnage estimates and corresponding revenues. In this one particular area when I looked at the landfill revenue and we will go over this more in detail with the revenue section. As I looked at the last year's actuals, those revenue amounts that were actually recorded that were higher than just based on tonnage and calculating it out on a one hundred nineteen (119) per ton or whatever it was, so that is the basis for why I have adjusted that revenue number to more accurately reflect what was actually recorded in the last two (2) years in terms of revenue. And again, we can get into that on our revenue session, I guess.

Committee Chair Kaneshiro: Yes, we will see that in the revenue section also and I will put a note of it if they want to send an answer a head of time or if they want to deal with it at that time.

Council Chair Rapozo: Just a real quick clarification.

Councilmember Yukimura: Sure.

Council Chair Rapozo: So you are saying that the estimates on the prior year to prior year budgets were under actual?

Mr. Shimonishi: I think with respect to the landfill revenue, yes.

Council Chair Rapozo: Okay, so that would be...because I think everybody shares the same concern regarding is the tonnage that is being taken to the landfill increasing?

Mr. Shimonishi: I guess we can wait for the Department of Public Works to respond.

Council Chair Rapozo: And we can wait for Solid Waste because that is a thirteen percent (13%) increase in revenue. We will wait for Solid Waste to ask that question or we can send that over early on, so they will be prepared.

Committee Chair Kaneshiro: Of course the second we send everybody back, right? It is okay. We will get it answered throughout this budget process.

Mayor Carvalho: You will get an answer.

Council Chair Rapozo: Call them back.

Councilmember Yukimura: Council Chair said it really precisely. Is the tonnage to the landfill increasing and it would be helpful to see maybe the last five (5) years what the tonnage has been because that affects our recycling rate too. I do not know how that has been calculated. Should I continue?

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: On slide 17, Revenue Uncertainty, what is the Administration saying is our fair share of TAT?

Mr. Shimonishi: I think we have always wanted to go with the State/County functions working group recommendation. (inaudible) had some appropriations off the top for various State funds, various State leases, but the remainder would be a forty-five, fifty-five percent (45/55%) split of whatever funds were available. Forty-five percent (45%) to the County and fifty-five percent (55%) to the State.

Councilmember Yukimura: What is that going to yield us as Kaua'i County?

Mr. Shimonishi: I think the estimates were between eight million dollars (\$8,000,000) and thirteen million dollars (\$13,000,000) more a year.

Councilmember Yukimura: And so we are saying if we get that we do not need the GET?

Mr. Shimonishi: I think we want to consider the use of...

Mayor Carvalho: We want every...the TAT is obviously something I said that we should get our fair share of it, period.

Councilmember Yukimura: But that is why I am asking.

Mayor Carvalho: Okay, and with the GET as well, as long as we understand the percentages and all that. I mean I think we have to look at both sources.

Councilmember Yukimura: Well when you go to the Legislature with that kind of approach and you are just saying, "Give me as much as...we want as much as we can get," it is not a very persuasive thing.

Mayor Carvalho: I agree with you, Councilmember Yukimura.

Councilmember Yukimura: I feel like part of our problem in our TAT request is cross bullying. I mean we are really badmouthing the Legislature and then they are coming back and they are saying, "Okay, well then we are not going to give you anything." I mean it is not real productive dialogue from what I can tell.

Mayor Carvalho: Let me clarify because we are working on the 103 and the 108, between that, for me, for the Administration.

Councilmember Yukimura: Right.

Mayor Carvalho: And hopefully working closely with Council. We are also having an opportunity to have authority with the GET, of course, I am going to blanket and say we deserve what we reserve, but we are working to the 103 and 108 figure.

Councilmember Yukimura: Okay, if it is 103 or 108 plus the GET, that is twenty million dollars (\$20,000,000), plus or minus, plus another...how much do we get? If it is 103, what is...

Mr. Shimonishi: It was just under fifteen million dollars (\$15,000,000) in TAT if at the 103.

Councilmember Yukimura: Fifteen million dollars (\$15,000,000) and at 108, it is how much?

Mr. Shimonishi: Another seven hundred twenty-five thousand dollars (\$725,000).

Councilmember Yukimura: Another seven hundred twenty-five thousand dollars (\$725,000), so that is like fifteen million seven hundred twenty-five thousand dollars (\$15,725,000).

Mayor Carvalho: Something like that.

Councilmember Yukimura: Okay. I mean I think it is wise to have a diversified base, so having TAT and GET makes a lot of sense, but in terms of getting the

Legislature to really work with us...I mean when we tell them, "You owe us thirteen million dollars (\$13,000,000) of TAT plus twenty million dollars (\$20,000,000) of GET"; they are not even going to talk to us. That is why I am just trying to...you know I know that originally when we went for TAT moneys, we said, "At least the TAT moneys have to offset the tourist cost to the County," but I have not tracked it once it got into that State/County committee. I am not totally familiar with the basis of the State/County committee, but I mean I think if we get the GET and a little bit more of TAT, we will be far better off than we are now, right? Really, in my discussions with the Finance Chair of the House and Ways & Means of the Senate, if we go in with some kind of a real-well justified combination or plan, they do listen.

Committee Chair Kaneshiro: Council Chair Rapozo has a follow-up question.

Council Chair Rapozo: First of all, we are not telling the State, "You owe us GET." we are not telling them that.

Mayor Carvalho: No.

Council Chair Rapozo: They are saying, and we do not know if that is going to happen yet, but they possibly will say, "You can use the GET if you need to."

Mayor Carvalho: Right.

Council Chair Rapozo: We are not asking them or telling them, "You owe us the GET," so that is not the case. The TAT, yes, we are telling them that and rightfully so because if you look at the increase in TAT revenue that the State is enjoying, my goodness, they have no business reducing it. This is just how the State operates, Mr. Barreira talked about the ninety-three million dollars (\$93,000,000) bill, the hearing was heard yesterday, it is not updated online, so I asked Deputy County Clerk Scott Sato to call Representative Onishi's office, and of course he is not there, he's probably right there, but he is not going to talk to us, right? Mr. Sato asked his staff, "Can you just let me know if the updated number is ninety-three million dollars (\$93,000,000)," and he replied, "I would rather not." Yes, thank you. So, we called Representative Tokioka's office and we are waiting for a response. I just called "Fresh" to text his brother to find out where it is at because we just want to know the number, but as that number rises, then damn right we should get a percentage. I just wanted to clarify the point that we are not telling the State, "Hey, you owe us GET." What is happening is, in the current scenario, we are telling our residents, "You owe us more money, so we are going to tax you more." That is what we are doing in essence. We are telling the public, "You owe us more." I would rather tell the State, "You owe us more than the people." I understand that at the end of the day if we cannot, we cannot get any additional revenue, or we cannot reduce the spending to where we need to be, I understand that the tax increase may be necessary. I have not given up and I am not going to rely on GET as we go through this budget. We do not even know if it is going to be offered yet. We just have to be careful. We can only budget with what we know we are going to get and it looks like the TAT has been reduced even further, as of yesterday.

Mayor Carvalho: Yes.

Council Chair Rapozo: As soon as we get the response, I will let you know, but that is going to hit us. That is another one million dollars (\$1,000,000) that we have to find and I do not think that it is appropriate, but it is what it is.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you for the presentation, Mayor. The discussion also around the TAT has taken on the direction of what are...and I know we already know the accounting of what it is our County response to when it comes to State services and jurisdiction such as Napali Coast Trail, such as investigations that occur...all of the services that we cover, even the jail space that we utilize, these are costs that are attributed to the County that the State kind of gets away with. Likely so, we take care of our people, however, I guess my question is, are we at that point where we need to start to become a little more aggressive in terms of how it is...we are good team players and we have been, but if we have already identified what the TAT should be providing in percentages of services and we are not getting that balance, then is it time for us to start to look at drawing the line in the sand and saying, "Look, this is what we are already doing and we are not even at the table discussing it." I just wanted to ask if that is something we can and should be looking at moving forward.

Committee Chair Kaneshiro: That is a pretty loaded question, but...

Councilmember Chock: And the reason why I ask is that we have talked about it, but we have not acted on it. I understand Councilmember Yukimura's approach which is, "Hey, we are not trying to create enemies here, we are trying to work together," but the truth is, we have to get things on the table of what it is we are responding to and what we are doing and what we are covering. It is not fair that we cover these costs every year and are not compensated for them.

Mayor Carvalho: I think collectively, going back, we agree with the State's findings and the team that they put together. That was a collective effort, I think, and so we are kind of going down that road. Now, we are sitting here and we are talking TAT, right, and now we are at a different level, so I know we are trying to find balance and we can be, "Let us do it now and get it done," right? It is true because at the end of the day it is the people are the ones that we have to serve, but how we find balance? If we can get the TAT authority and still have this much in the TAT with hopefully some progress in the future, to me, that is the balance.

Councilmember Yukimura: You mean GET authority.

Mayor Carvalho: Yes, I am sorry, GET. That is why I am hoping we can get that, as well as that level...now, it is down to ninety-three, that is a major problem for me, personally. We will have to look at that because the culmination to me has been at that level for now and we are always going to say we need way more, but our efforts have been looking at this picture and then with the GET authority, then we can decide together how it would impact our financial situation here. That is my response to that.

Committee Chair Kaneshiro: We have to look at all of our options.
Councilmember Kagawa.

Councilmember Kagawa: Just a follow-up on the GET, just so we can see the picture better. Right now, what is Maui and Hawai'i island's stance on the potential offer of GET should Honolulu's rail get extended with the GET? Is there a clear message from Maui and the Hawai'i island that they are against it or do you think they are not really saying whether they are for it or against it?

WALLACE G. REZENTES, JR. Managing Director: I believe in discussions that occur with the other Mayor's at Hawai'i Council of Mayors (HCOM), the Maui and Hawai'i island mayors are not looking at supporting GET at this time. Obviously, the City & County Mayor is in favor of extending the GET for his constituency.

Councilmember Kagawa: My concern is that if the new proposal that comes out where they want one third (1/3) of it to go to State Highways, my concern is that, so we are talking one third (1/3) of twenty million dollars (\$20,000,000) is six million dollars (\$6,000,000) or so. Six million dollars (\$6,000,000) of Kaua'i taxpayers GET will be spread out throughout the State and that is my concern. Now we have Kaua'i taxpayers moneys benefit other islands, besides Kaua'i, not equally. Everybody got the GET and then you could say it is probably going to be a fair distribution, but I am thinking well if only Kaua'i and City & County goes for it, then Maui and Hawai'i island are going to benefit from the GET highways and they are not even going to be contributing, so I think that is a small concern I have. Like Councilmember Yukimura said, we are not all cohesive in what we want. I know it is the opportunity that should be considered.

Committee Chair Kaneshiro: Councilmember Yukimura, do you have follow-up?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: Okay, and then Council Chair Rapozo.

Councilmember Yukimura: I just want to say that is why I have been lobbying against the Department of Transportation (DOT) portion. It is really bad when the taxing power is not in line with the people who are going to use the revenue generated by the taxing. So, we are going to be raising money for State purposes, that makes no sense at all.

Mr. Rezentes: Without a guaranty that that six million dollars (\$6,000,000) is coming back to Kaua'i, in particular, is that what you are saying?

Councilmember Yukimura: Yes, although even if you allow that, they will say, "Okay, we will just give you the six million dollars (\$6,000,000)" and then they will take something else from the pot, in the DOT budget. It is hard to enforce. That is why I think they should just...I mean I was even saying and this is just brainstorming, but it is strategy about giving us a quarter percent, but give it all to us. If you want to raise money for the State highways, you raise it a quarter percent, you know, but the taxing part has to be in line with the use. Do we have an accounting of all the tourist related costs of our budget?

Mr. Rezentes: That is where I was going to go earlier. We have talked about TAT here a few times. If you look back at TAT, I do not think there is a very

scientific number by County jurisdictions as to what the impact is on tourism. I would think you could do a pretty significant study to get a better estimate by County what the visitor impacts are and I guess that would be a more concrete basis to determine the TAT allocations. But what you have seen in the last twenty (20) years or so, without really having that "scientific basis," you have seen a couple things that happened relatively the last few years the peel away from the Convention Center, the peel away for Turtle Bay, and that kind of thing. I do not think there was any analysis that went into how does that now affect all the other outer island counties, per say.

Councilmember Yukimura: Yes, it is very O'ahu centric (inaudible).

Mr. Rezendes: I do not think there are solid analytics behind the allocations and I would think it would take a pretty significant study to determine what the impacts are by county.

Councilmember Yukimura: I know that at one point Councilmember Nakamura and I, when she was a Councilmember and I think the staff helped pull out of our budget, visitor related costs, so we had some rough calculation of that. Do we have any accounting of State related costs, like what Councilmember Chock was talking about, for example, rescues on State property, use of County facilities like the Stadium and so forth? Although yesterday we just indemnified the State for use of their school classrooms and things for us using it for our training purposes, so there is a crossover. We use State facilities, they use County facilities, and you would probably have to find the net of that, technically speaking. Have we tried it all as to estimate State related cost because that would be, really, when you quantify it, they do take a look at it. They do not know County government at all and they do not know Kaua'i's situation at all. I do not know if you can calculate the cost of Stadium use for football games. The electrical costs alone for that are pretty high, but if you present it to them, it is more compelling than just yelling at them and saying, "You owe us. We deserve it." Do you know what I mean? Yes or no?

Mr. Shimonishi: I am not aware of any analysis done like that, but I think that is something we can look at. I guess my response would be then the State would say, "How much are we doing for the Counties?"

Councilmember Yukimura: Yes, it will get into that.

Mr. Shimonishi: Surely we can come up with some rough numbers of what it costs and that is charging all of the schools for use of the Convention Hall, as you said, or use of the Stadiums, rescues on State land, or does the patrol of the State highways, and so on.

Councilmember Yukimura: I mean, then they do come back and say, "Well most Counties in the Country take care of hospitals, schools, prisons, and we are serving your people," I mean they are serving all our constituents too and they need Mahelona Medical Center and Veterans to stay open and it goes like that, right? I think that is a more useful dialogue then just saying, "You owe it to us."

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: First of all, our Mayor has been the loudest advocate for the TAT of all the Mayors and former Mayor Kenoi, those two (2), I just have to say. There were many times it was just Bernard and I in our Legislative offices because no one else showed up because they are scared or whatever; they do not want to get them upset. I will say that Bernard has been very vocal. We talk about the studies on visitor impacts to the County and that was done. That was done by the task force.

Mayor Carvalho:

Yes.

Council Chair Rapozo: Two (2) years ago. That is why the amazing group of people came up with the proposal, that was not acknowledged. So, that was done. Now as far as the State's expenses, hello, the cost to operate and maintain the Stadium versus a cafeteria to run our HR testing, is different. I do not want to see us get into that contest where "we going charge you for the stadium," because it is still our children. "We are going to charge you for the baseball field," and then the State is going to come back and say, "Fine, we are going to charge you for this and that," because that is silly. But I do not know how we get to that table where everybody is just out for our constituents, both sides. I do not feel that right now. We had the discussion about the Judiciary, across at the Court house, we are booking their people. The Sheriffs, State, walks across the road with the prisoner, drops him with the County, and says, "See you." When the State is supposed to be doing that. The Sherriff has a gun, badge, booking stations, and they should be doing that, but yet we take them and send them the bill and they refuse to pay. I do not know what happened. I asked Mauna Kea to pursue anything we have to do, sue them or refuse to take them. The officers tell me, "If we refuse to take them, they are just going to call from across the street." Well, come up with a policy that says, "Anything initiated from the State will be paid for by the State," because they can do it at the Court house or the jail, but this County has been, "*Aloha, E Komo Mai*. Bring your prisoners, we will take care." Then we send them a bill and they do not pay. Whose fault is that? As Councilmember Yukimura, Councilmember Chock, and others have said, "Start being real and say this is the bill. We have a County Attorney," and we should file a claim in Court and stop the practice. That is not our function and it is not like we are asking the State to provide a function that they should not be doing and they do not have the resources, they have. They have the booking stations, Sheriffs that most of the time are just hanging out...at one time they did a lot more. At one time, I think in fact when you were there, they had a lot more. They used to go out and cite people for speeding and all of that stopped. They cannot write tickets, they can just call security. Book them and take them to your booking station, and you folks book them. Do not put them on our County resources and unfortunately that is where this is going. If I find out that we went down to ninety-three million dollars (\$93,000,000) and I have no reason to disagree or dispute what Mr. Barreira is saying, but what do they expect us to be, happy? I understand what Councilmember Yukimura is saying, but I remember a few years ago, I was where Councilmember Yukimura is at today, "Knock it off, do not go after the Legislature and do not upset them," but we were being nice for far too long. In my opinion. We have tried the discussion. We have tried the diplomatic way. They have tried. They came up with the task force and came back with recommendations, but no...what else is the County to do? Do we just bend over backwards? Think about this now, they came up with a bill that is going to phase out the TAT. Who would have ever thought they would ever do that? Now, combine that with the reductions of the TAT, what do you think is somebody's plan up there, I do not know who, right? Phase out TAT, give the Counties the right to do a GET and at some point, County, you are responsible for your own thing. You

folks raise your GET. That is how I see it, I mean, hello. Who would ever think that the State would ever come out with a bill to phase out the TAT?

Councilmember Yukimura: It was predictable.

Council Chair Rapozo: I do not know. I did not see it coming. I would never think that that would even happen. I can see the cap, but to phase out, knowing...every one of them knows, especially our delegation, were Councilmembers. They know how much they rely on that and they know that we do not have the revenue generation opportunity like the State does. I am in total agreement with Councilmember Chock and we have to sit down and maybe it is something that we all have to come together and find out what are we going to charge for or what are we going to say that "We are not going to do this no more, sorry." It is not being mean. In the icebox at home sometimes you have cake and ice cream and when money is tight, sorry kids, we are not having cake and ice cream because I could not afford it. That is where we are at. Anyway, that is just my overview. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: If we could take this Sheriff thing as a pilot project, I think somebody whether it is a Police Chief or the Mayor talking to the Governor or the Police Chief talking to whomever is in charge of the Sheriffs Office and say, "We want to develop a protocol because we are short staffed and see if we can get them to take on more of their responsibility. We should try that. At the lowest level, everybody is just digging in and being stubborn. Let us try and see if we can relieve ourselves because I do not think anybody ever figured out what the costs are. It is a significant cost and as the Council Chair says, it is not like we do not have the resources for that particular problem, right? If the State/County task force has an accounting of tourists related costs, forgive me for not knowing it, but you folks should be able to tell me what it is, right? What is it?

Mr. Shimonishi: I apologize, I do not know that off the top of my head and we would have to...

Councilmember Yukimura: I know Steve was the one...

Mr. Shimonishi: Yes, we would have to look back at that report.

Councilmember Yukimura: Can you please provide that?

Mr. Shimonishi: Yes.

Councilmember Yukimura: Thank you.

Council Chair Rapozo: Real quick, Committee Chair Kaneshiro, I just got the text, it is back to 103.

Mayor Carvalho: 103?

Council Chair Rapozo: Yes, it happened yesterday at the Tourism Committee, it was a recommendation from the Finance Committee.

Mayor Carvalho: So, it is back to 103.

Council Chair Rapozo: So, it looks like we are going to lose that
extra...yes, down back to 103.

Mr. Shimonishi: Ninety-three (93)?

Council Chair Rapozo: No, 103.

Mayor Carvalho: 103.

Council Chair Rapozo: It is 108 right now.

Mr. Shimonishi: So, right now the revenues that we get is based
on one hundred three million dollars (\$103,000,000) cap.

Council Chair Rapozo: Right.

Mr. Shimonishi: It was expected to go up to one hundred eight
million dollars (\$108,000,000).

Council Chair Rapozo: Right.

Mr. Shimonishi: And so you are saying it is down back at one
hundred three million dollars (\$103,000,000)?

Council Chair Rapozo: Yes.

Councilmember Yukimura: So, it is status quo.

Council Chair Rapozo: In the budget, what did we anticipate? Did we
put any increase in the TAT?

Mr. Shimonishi: We budgeted it at the one hundred three million
dollars (\$103,000,000).

Council Chair Rapozo: Okay. That is what it is as of right now.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Can I move on to something else?

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: In the Mayor's budget message you talked about
future expenses and gave us a figure for the debt.

Committee Chair Kaneshiro: What page are you on?

Councilmember Yukimura: Page 9 of 12, entitled, Future Expenses, and I think here you are talking about when the revolving fund or maybe you can tell me what you are talking about here. We are going to have debt service...

Committee Chair Kaneshiro: I think it was in the presentation. Some of the debt service we are going to take on now, interest does not get paid...we get one year interest free, so if we take on that now, it is going to look at like we took on the debt to do a lot of projects, but the whole cost is not going to reflect in this year's budget. It will pop up next year. It is in the presentation somewhere.

Councilmember Yukimura: You have what the debt service is per project, right, or is that something you can provide?

Mr. Shimonishi: Not the debt service per project. Are you talking about the proposed new bond issue?

Councilmember Yukimura: Yes, I guess...

Mr. Shimonishi: We have, but we anticipate that the total projects to cost by project and if you wanted to figure out the debt service by project, we could do that.

Councilmember Yukimura: But your debt service right now is calculated on the twenty-three million dollars (\$23,000,000) bond.

Mr. Shimonishi: Assuming a twenty-three million dollar (\$23,000,000) bond issue, what that debt service would be and we have budgeted the full principal and interest payment in the Fiscal Year 2018 budget proposal and that would be expected to go over our twenty-five (25) year period. The debt service is approximately one million four hundred thousand dollars (\$1,400,000) on the twenty-three million dollars (\$23,000,000) bond issue.

Councilmember Yukimura: And you are also using the SRF for some of the projects.

Mr. Shimonishi: Correct, some of the projects that qualify for the SRF loan funding, we could initiate and get the loan proceeds from the State, which is a much lower interest rate, one and a quarter, over a twenty (20) year amortization period. That debt service payment would not actually be payable until fiscal 2019 and that is at approximately...

Councilmember Yukimura: And that is the SRF fund.

Mr. Shimonishi: Right.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: We will get a breakdown of that during the CIP presentation, correct?

Councilmember Yukimura: When Mr. Barreira briefed us a couple days ago, he talked about the specialized funding because we might be a third party on the landfill. We might have a third party operator or something and it is that particular tax fund that we are using. Mr. Barreira, help me here.

Mr. Shimonishi: With that regard, instead of going out for tax-exempt bonds, we would go out for AMT bonds, which would allow the use with a private type of enterprise. We pay a little higher on the interest rate, but we do not have to worry about that violating that...

Councilmember Yukimura: We would have the option.

Mr. Shimonishi: Yes.

Councilmember Yukimura: Of having a third party involved.

Mr. Shimonishi: Right. In speaking with our Treasurer that premium that you pay for the AMT bond is negligible, I think maybe one tenth of a percent.

Councilmember Yukimura: That is a good find then.

Mr. Shimonishi: Yes.

Councilmember Yukimura: Okay, thank you.

Committee Chair Kaneshiro: Any further questions? Any questions from the other Members on this presentation? Councilmember Yukimura.

Councilmember Yukimura: This is page 5, bottom, your Vacancy Review Committee.

Committee Chair Kaneshiro: It was the message from yesterday.

Councilmember Yukimura: No, it is your budget message.

Mayor Carvalho: So, you are not focusing on our...

Committee Chair Kaneshiro: It was the budget message from yesterday.

Councilmember Yukimura: Well, when else would I get to ask questions about your budget message?

Mayor Carvalho: Go ahead.

Councilmember Yukimura: You are not adding any new positions, but you are transforming different positions into the new positions that you need? Right. Like for example, you said that Public Works Auto Shop has two (2) positions, Repair Shop Supervisor and Body and Fender Repairer that have been reallocated to Heavy Vehicle Construction Equipment Mechanics to provide the additional resources for timely repairs and bravo for timely repairs because we know how much that waste when you cannot get

timely repairs. Are you making sure that we do not need those positions that you are reallocating or are you just deferring the need and you are going to come back for new positions in the next Fiscal Year?

ERNEST W. BARREIRA, Assistant Chief Procurement Officer/Budget Chief: Good morning, Councilmember Yukimura. The Vacancy Review Committee vets all of those issues when we meet with the department heads and the division chiefs. As part of our analysis, we do a weighed review over where the greatest need exists. The Body and Fender position was vacant for a very long period of time and I believe that was also a dollar funded position, so based on input that we received, based on the Mayor's and the Managing Director's visits to all of the baseyards over the course of the last year, the greatest need and the greatest frustration was the lack of timely repair and they felt more allocated resources were needed in that area, far greater than what the previous vacant position was going to be able to provide. So, it seemed to be the prudent course of action to re-describe the position accordingly and propose it in this budget.

Councilmember Yukimura: So that is a short-term decision which sounds well founded, but I am just wondering about the long-term implications of those decisions and whether anybody is looking at those.

Mr. Barreira: I believe the response would have to be that we have looked at that, of course there is only so much into the future that we can predict, but looking at the demands currently in the Auto Shop, it is far greater on the automotive mechanics side than on the body and fender needs.

Councilmember Yukimura: And same thing on the Fire Fighter I position to an Assistant Fire Chief, Operations, you do not need the Fire Fighter I position?

Mr. Barreira: Based on the analysis provided by the department head, the greater need was felt to be in the area of administration.

Committee Chair Kaneshiro: The Fire Fighter question is a question that I would probably bring up during the Fire Department budget.

Councilmember Yukimura: Okay.

Council Chair Rapozo: I have a question about process. On today's agenda we have a Human Resource Report section, is HR going to be up here at that point?

Mayor Carvalho: Yes.

Council Chair Rapozo: Okay. I do have some questions as far as the evolution of a position. What happens when these positions change and reallocation, so I will wait for HR.

Committee Chair Kaneshiro: Once we can finish up these presentation questions and we will go into the Mayor's actual budget, and then we will get to the HR questions.

Councilmember Yukimura: I do have questions regarding Lima Ola and the Kilauea Agriculture Park, but what I will do is put them in writing so that when the specific departments/divisions come, they will have advance notice of the information I am looking for.

Committee Chair Kaneshiro: Perfect, thank you. That gives them time to answer it. Lima Ola will come out of Housing, the Ag Park will come out Economic Development and they will be prepared to answer it. It is good courtesy, thank you for sending them the questions ahead of time because it is not fun when we ask them a question and we do not get the answer and then we have to read it later on when we have all these other budgets coming through. Thank you for being proactive and we will try and send those questions through.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I have one process question from the State of the County address, you said we have a lot of new equipment purchases that we need for roads and what have you so we can do a better job. How do we ensure that these large pieces of equipment that we buy are legitimate? I have numerous calls regarding the Marine Camp, there is a big excavator that just sits there and it is just getting rusty and does not seem to be used. How do we say that these equipment purposes are going to end up like that one? How do we determine that when they come through and make the request? Do you ask them, "Are you sure that this equipment is not going to end up like that one where it just sits there?" You folks see it every day because you live on that side of the island. How do we ensure that these purchases are legitimate to put in our budget?

Mr. Rezentes: You can ask it again, but I think one of the ways is determining what is the cost to keep that equipment and our folks have that kind of information. If it is an older equipment and it needs a lot of repair and it is down a lot because it is under repair, at some point it is better to decommission that and buy new. The discussion about maximizing the use of particular equipment, that is an ongoing area that I think we do need to improve and I hear what you are saying about that type of equipment where you see it not being in use, more of the time. The other way what we have tried to do, the Mayor is trying to go out and actually talk to the folks that work on the equipment, that are actually at the baseyards and sometimes they have good input and actually change some of the requests that went in from the shop where the person said, "We really do not need this level of equipment. We need something at this level because it is more functional, manageable, and would be less costly." Some of what you are saying, we are hoping to get better feedback and input from the actual workers that are out in the field and use it on a day to day basis.

Councilmember Kagawa: Thank you.

Councilmember Yukimura: I have a follow-up.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: You are talking about equipment that was at Rice Camp, I mean...

Councilmember Kagawa: The Marine Camp, yes, right by the golf course. There is a large piece that just sits there. I received numerous calls regarding that.

Councilmember Yukimura: Permanently it sits there or are they doing a project?

Councilmember Kagawa: I think it is just some place to leave it for now.

Councilmember Yukimura: That is a lot of salt spray. So, the other piece of this...I feel it is very commendable that we are paying attention to equipment, but is it being operated well, one, because bad operation can really breakdown a piece of equipment prematurely. Two, is the right one being purchased and then, is there a replacement plan like our Fire Department has a replacement plan. It could be five years (5), ten years (10), or whatever it is, those would be my questions that I will follow-up with.

Mayor Carvalho: We did visits, like I said, to the actual workplaces and met with the men and women who are in the field. A lot of the equipment that is in the purchase now, fits the need, I believe. Sometimes downsizing from one type of equipment to getting two (2) or three (3) of the smaller sizes fits the need. My point is that, I think we are getting to the place where the equipment that we bring in is what is really needed in the field and stuff like this hanging out at Marine Camp; we had a discussion on that, so we will follow through on that. The bigger picture is being vetted out at the various baseyards.

Councilmember Yukimura: That is very good that there is really focused attention on it, but I would presume that it is not role of the Mayor and that whomever is in charge...

Mayor Carvalho: Well I feel as Mayor, I have to talk story with the men and women and I think it is a good thing that the management part of it and the replacement plan...say we are going to do it every five (5) years or every three (3) years depending on what...

Councilmember Yukimura: There is somebody else who should be listening carefully to the crews, right? But I think it is great that you are initiating it, that is wonderful, but system wise, somebody else should be.

Mayor Carvalho: I just wanted to mention that I was involved with getting out there and talking to the men and women.

Committee Chair Kaneshiro: I think we all share the same concerns with a tight budget, we get a big equipment bill, and the same questions come up that come up every year, are they utilizing the equipment that they have now? Is the equipment they are getting appropriate for the job that they are doing and it sounds like they are talking to the workers. Sometimes you hear that we get the best equipment, but it is necessarily the right one for the job that we are doing and then also looking at equipment that is sitting around that we never ever use that is probably rusting and should go to the metal recycling place.

If that is just sitting down, we are not using it, get rid of it, and we do not need to replace it because we have gone without using it for a long time, which we saw, for example, the road sweeper at the Vidinha Stadium or something like that.

Council Chair Rapozo: It is still there by the way. I just saw it last week. It is still there.

Committee Chair Kaneshiro: It is hard to say, "Let us buy all the equipment," when we have all these things just sitting around that we do not use. If you were to say, "Let us get a road sweeper now," I would say, "Let us take it out of the budget already," because that thing is sitting there and not being used. Council Chair Rapozo and then Councilmember Kagawa.

Council Chair Rapozo: If the Mayor is going out talking to the men and women, then I think he got the same message we all got; that we constantly get. The men and women that actually work in the Department of Public Works complain that we have equipment that we do not use, we have equipment that is overkill and then of course the other component, "It has been in the shop forever." I am hoping that we are not going down that road where because it has been in the shop forever and we cannot fix it, which we should be able to fix it, that we are going to buy a new one. I do not know and I plan to ask a lot of questions when the Department of Public Works get here, but I also plan to visit the sites as well. Councilmember Brun and I are going to go out and get a ground view of what is going on because it is a problem. You talked about the sweeper that is still at the stadium. Someone brought that up because they wanted to purchase it, some private citizen saw it back there, and said that they wanted to purchase it, we brought it up, and what I had expected to happen with that thing is that it be tossed at the auction, and we sell that thing. It is still there. Just last week, I saw it getting more rotten and now we probably cannot sell it. I do not understand and I hope that we have some kind of replacement program. Recently, this Council has had a lot of claims involving the Department of Public Works with the misuse of the equipment that we rent, and we are renting the equipment because ours is broken. So, we broke ours and then we rent, and then we broke theirs, and then we have to pay. I guess, Mayor, what I am asking and again this should not be the Mayor's *kuleana*, but somebody that is getting paid decent money has to get a handle on that.

Mayor Carvalho: Right.

Council Chair Rapozo: Each piece of equipment should have a report. In other words some supervisor/manager should be able to call up, "CK 1920," the equipment number and see the history of that report.

Mayor Carvalho: Right.

Council Chair Rapozo: And should be able to tell Council or even for the supervisor or the Mayor, "This machine has been in the shop thirty-eight (38) days last year for hydraulic issues or whatever." We do not have anything. When something broke, we are just...whatever. I know this because I talk to a lot of the employees. We have to get a better maintenance plan and we have to get a better plan that when people damage our equipment and I hate going down this road of discipline, but people misuse our equipment, they have to be held accountable. Right now it is, "Broke, no problem. We will rent." They

have to be held accountable and I suggested it a long time ago with the motor pool system, which we did with some vehicles, but I have suggested this for many, many years back to Mayor Baptiste days. Do a motor pool with our equipment. We do not need three (3), four (4) excavators because you know that four (4) is not being used every day. Just get one (1) baseyard, one (1) motor pool section with the big equipment, right? The Department of Public Works is going to use them today, the Department of Parks & Recreation is going to use them, and some of the equipment maybe they all each need...but if I was to ask you today or the Department of Public Works today, "Equipment 1920, how many hours of use had last year?" I bet they could not answer. I guarantee they could not answer. If you go to the military and ask, "That forklift, how many hours was it in use last year?" They know. They know because of the motor pool system that they have and I have been suggesting that a long, long time. We do not need all these heavy equipment because we are not using them every day. You buy what we need based on the use and again, if we do not know how much the Department of Parks & Recreation used one type of equipment versus the Department of Public Works, how are we going to sit down and make an educated decision on what we need to buy? Do you know what I am saying? If we know that on this specific whatever...I am not good with construction equipment, but let us just say an excavator, how many hours of use did that excavator get last year, Countywide? How many was with the Department of Parks & Recreation, or Department of Public Works, or whatever? But yet, we may own more than we need. I understand that is a task, but it is really a systems change, like what Councilmember Yukimura called it, a system-wide change that when you sign out that equipment, today, it may go to the Department of Parks & Recreation, tomorrow it may go to the Department of Public Works, and everybody signs out for that equipment and they are responsible for that equipment. When they come back with the hydraulic hose broken...I do not know if you see the claims, Mayor, but some of these things are careless. Whether or not it is intentional or lazy or just no training, which is what my concern is that we are not training our folks to operate the equipment that they are operating and it is just because they want to get the job done, right. They are jumping on the equipment and trying to get it done and then they damage it and then we end up paying. But I tell you, a motor pool system with that heavy equipment will save this County a ton of money. Rather than buying all the equipment that just sits...because we all know, it is just like lawnmower, if you do not run it all the time, which like me...it gets rusty and old. That is just something that I would ask that we really, really look at.

Committee Chair Kaneshiro: I think...

Mayor Carvalho: I just want to say that we did, I will leave it at that, and when we have our folks come in, they can tell you what has happened, what is transitioning, what we are looking at, how are we looking at repair and maintenance, how often one is used over the other, and all of that. It will encompass into this discussion, so I am hoping that...I am going to be upfront, not all of it will be done, but be assured that the discussion is at the table from my level to all the different levels, and I will leave it at that.

Council Chair Rapozo: Thank you. I think that is the first time that the Mayor is actually going out and being part of that discussion, so I appreciate that.

Committee Chair Kaneshiro: Yes, in pre-budget meetings, I did see an equipment list that had: when it was purchased, number of hours, and I do not know if they have it number of hours per year, but they have number of total hours, and they had the

repair cost for that particular equipment for that year. I guess the message is how do we justify it, so please have information to justify it.

Mr. Rezentes: I think they have that information from actually inception of the cost of repair from inception of the vehicle or equipment.

Committee Chair Kaneshiro: Yes, so it will just justify the equipment.
Councilmember Kagawa.

Mr. Rezentes: Council Chair Rapozo, for example, I think some of that equipment that you mentioned that is at the Stadium, I think the Department of Parks & Recreation is in the process of trying to reutilizing that equipment for use at the golf course. So, they are trying to make good use of the equipment...

Council Chair Rapozo: I think it has been two (2) years, Wally.

Mr. Rezentes: I am just saying, I understand, they are in the process of doing that to make use of the equipment that was sitting.

Council Chair Rapozo: I understand, but I do not know if it is worth fixing right now because what I saw two (2) years ago, I think it is cheaper to buy a new one.

Mayor Carvalho: Okay.

Council Chair Rapozo: And if you have not gone there, it is right there in the back of that...I had pictures of it in my phone, but I have a new phone, so I do not have the pictures. I do not know what he would use that for because you have to replace everything on that thing, it is just a mess. I think Councilmember Kagawa went to look at it, but I am not sure.

Committee Chair Kaneshiro: We saw it. We had pictures, I believe, on the screen when that came up.

Council Chair Rapozo: Donate it to charity.

Committee Chair Kaneshiro: I think it will have to go straight to the metal recycling.

Council Chair Rapozo: Kaua'i Community College (KCC).

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Where I was going with the excavator, and consider this for every equipment purchase going forward, if it is just to purchase for a one or two time use and we are not going to use too often, then perhaps leasing or renting, providing we do not break it, is a better option. I just wanted to make sure that we go over that because it looks bad when a large equipment just sits there and contractors know that when a piece of equipment sits a very long, it is really losing money. It is not efficient. I just wanted to make sure that as we go through this year's budget, we scrutinize the

departments on their equipment uses and make sure that we are going to use them. Thank you.

Committee Chair Kaneshiro: Okay. Any further questions? Are there other questions on the presentation?

Councilmember Brun: I just wanted to say one last thing.

Committee Chair Kaneshiro: Oh, for the presentation or the Mayor's Office, in general? Councilmember Brun.

Councilmember Brun: I am not sure if you folks answered this earlier, but are we doing anything to make sure the spiking is not happening? That there is no abuse in spiking.

Mr. Rezentes: That might be a specific question for departments and Human Resources (HR) to have when they are here. If you are talking about the management of spiking, if you are talking about say a Lieutenant, for example, versus a fresh recruit taking on overtime, that kind of management discussion, I think we can have that. It is more of a case-by-case kind of thing that is within the department and we can definitely have those discussions individually with the departments.

Councilmember Brun: I understand that and we understand that it is happening, so I guess I am asking both of you, are you going to look at this and make sure that these things are not being abused because it is, right now. Everybody knows and it is not a secret. So, if we are leaving it up to the department heads, it is not happening.

Mayor Carvalho: No, we are looking at it.

Mr. Rezentes: I think the departments...

Mayor Carvalho: Let me say this. We are looking at it collectively.

Councilmember Brun: Okay.

Mayor Carvalho: It is just the department heads now have been tasked to look at it and give us the information. We do not want to be abusive of anything.

Councilmember Brun: Can we get your commitment to look into it.

Mr. Rezentes: Absolutely, and please ask the question because...

Mayor Carvalho: Ask the questions.

Mr. Rezentes: I believe some of our departments have made inroads, may not have been to the extent that all of us or you may want, but I think we are progressing to improve in that area.

Councilmember Brun: Okay.

Committee Chair Kaneshiro: That is a good question and that question came up earlier, not that exact question, but I know last year we asked the question about overtime costs and I think Councilmember Kagawa had someone prepare what was the top five overtime getters in your department. They listed it and so that might be a question that you may want to direct to the departments and you might want to send it to them early so you have the information when they are there. You can ask, "Police, show us the employees that have been..." do not put the employees name, but put the positions and the people with the most overtime. It is a good question to ask every department, especially when it comes to spiking because although that spiking thing is cut for the newest folks, you can still try to minimize overtime on the current, existing people. That would be a good question for every department. What are you doing to minimize overtime and if you wanted more specific examples, I know Councilmember Kagawa asked that and we saw it in the last budget meeting last year. Council Chair Rapozo.

Council Chair Rapozo: I did ask and that request did go across.

Councilmember Brun: Okay.

Council Chair Rapozo: I am assuming to HR and I understand that that must take some time, so I am not sure that is available. Oh, it is. Did we get it already on the overtime amounts?

JANINE M.Z. RAPOZO, Director of Human Resources: It is due on the 31st.

Council Chair Rapozo: Yes, okay. I figured it would take a while, but anyway, I have asked for all of the overtime from all of the departments for the last three (3) to four (4) years.

Councilmember Yukimura: By individual?

Council Chair Rapozo: By individual. So, we will see that. Two (2) years, I am sorry. And then staff can pass that out to each person. I think you will see...the Mayor is in a tough position with the Police Department because of that whole nonsense that we went through.

Mayor Carvalho: Yes.

Council Chair Rapozo: It is kind of hard when you get...I am just being honest. It is difficult, what you are going to do? So I think it is incumbent on this body to ask that question when the Chief of Police gets here or the Fire Department. Councilmember Kagawa gets some possible solutions, but it is when you see an Assistant Chief in the Police Department or the Fire Department working overtime, I have a hard time with that. I get a difficult time with that.

Councilmember Yukimura: Why do they even qualify for it?

Council Chair Rapozo: And that is where I think whether we have the authority or the Administration has the authority to put a policy in place that limits or

prohibits, I do not know what...and maybe Mauna Kea, that is something we can send across to you to look at. What are they? I do not know. Are they civil servants?

Councilmember Yukimura: They are managerial.

Council Chair Rapozo: It is really about the management of it. It is real simple, the County Clerk can tell nobody, unless it is an emergency that there will be overtime. She could say, "No specific position can get overtime," but I do not know when you are dealing with...this is appointed, right? It is different over there. The Commission appoints and all of this. I guess what I am saying is that when we see the numbers, I think you will see that it is really a management issue that has to say, "Hey, we cannot be having any Captains and Lieutenants where a Patrol Officer can do the job." Some of us will not be surprised because it happens every year, but again, I do not know what our authority as the legislative body is, unless we cut the overtime budget. We just reduce the overtime budget and then the management will be forced to play within that number, not play, but deal with that number and making those adjustments. It is very hard to say and we can ask the questions, once we get the numbers, we can ask, "Why did this position number..." and we will not have the names, but "Why did that position number accrue that much overtime at that rank?" I think we can ask those questions.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I think some of the overtime is out of the collective bargaining agreements because is rank for rank not institutionalized overtime? It does not allow discretion of the Chief.

Mayor Carvalho: Right.

Councilmember Yukimura: Or the supervising...and how is it that Assistant Chiefs who are management level qualify for overtime? I think that might be a collective bargaining issue as well and it does not make sense in the conventional thinking about overtime.

Council Chair Rapozo: The Assistant Chiefs are not part of the collective bargaining, they are do not have...

Councilmember Yukimura: Well then how is it that they get overtime? I mean is it generally not the line of managers...

Mayor Carvalho: The HR Director has all that information. I would rather her share that with you folks first.

Council Chair Rapozo: I do not think we disagree on this. This is something that we have to control collectively.

Councilmember Yukimura: But we are trying to problem solve in terms of where the mechanisms are that have to be changed.

Ms. Rapozo: Good morning, Janine Rapozo, Director of Human Resources. In answer to your specific question on how an Assistant Chief gets

overtime, they are civil servants excluded managerial. The overtime would come from the executive order which provides for no less than their counterparts or subordinates and that is in Hawai'i Revised Statutes (HRS) 89(c).

Councilmember Yukimura: Can you change the executive order?

Ms. Rapozo: I believe HRS has no less than for excluded managerial civil servants, and I think it is 89(c).

Councilmember Yukimura: I do not understand, "No less than."

Ms. Rapozo: HRS provides for no less than their subordinates, collective bargaining subordinates.

Councilmember Yukimura: But can you not say "Except with the respect to overtime"?

Ms. Rapozo: That would be "less than," right? So, it is "No less than."

Councilmember Yukimura: Except with respect to overtime.

Ms. Rapozo: The opinion we received from the Office of the County Attorney is, "No less than" per the HRS.

Councilmember Yukimura: Therefore, it will require a statutory change.

Ms. Rapozo: That is what I would think.

Councilmember Yukimura: But it is related to an executive order.

Ms. Rapozo: The executive order is something the mayor can generate based on the HRS standard that allows for compensation for exempt or excluded members of the bargaining units.

Councilmember Yukimura: In the private sector, will you find this level of manages qualifying for overtime?

Ms. Rapozo: It depends on how the Fair Labor Standards Act (FLSA) works and if that particular position qualifies to be exempt under FLSA standards. Right now all of the heads of departments who are under the Salary Resolution do not get overtime because they are not part of the executive order.

Councilmember Yukimura: Maybe we should put them in the Salary Ordinance, but that might require a charter...

Committee Chair Kaneshiro: When we are looking at overtime, we are looking at overtime that can be controlled and we usually had that broken out, right? There are certain overtime that is guaranteed like a holiday day or something that is always guaranteed based on collective bargaining, but what we are talking about is overtime that

can be controlled. Overtime where you are not sending somebody out or sending somebody that are getting paid less in a situation that they can handle.

Councilmember Yukimura: In what category does the Assistant Chief overtime fall?

Ms. Rapozo: It would have to be a question for the department. If he is working on a holiday, then that is not subjective like what Councilmember Kaneshiro is saying.

Councilmember Yukimura: Yes, but we are talking about an Assistant Chief that qualifies for discretionary overtime, right.

Committee Chair Kaneshiro: Yes. Could you write that as a question and send that over? Or we can put together a question like that and send it over so that we can get the answer.

Councilmember Yukimura: Rank for rank, may I ask you about that? Is that not institutionalized overtime, is that the proper question.

Ms. Rapozo: It is in the collective bargaining unit that allows for rank for rank. Whether you consider it institutionalized, it is in the collective bargaining agreement that allows twelve (12) shifts per year.

Councilmember Yukimura: Which says that if a captain cannot be present for his job then only another captain can serve, right?

Ms. Rapozo: Correct.

Councilmember Yukimura: Who does the choosing of which captain it is?

Ms. Rapozo: I believe it is rotational. That would be something that you would have to ask the Chief.

Councilmember Yukimura: Okay, that is rotational, but you cannot do temporary reallocation of a lesser position?

Ms. Rapozo: You can if there is no captain available to take the rank for rank.

Councilmember Yukimura: Okay.

Council Chair Rapozo: And they get the captain's pay.

Ms. Rapozo: Temporary assignment (TA), yes.

Council Chair Rapozo: Sorry Committee Chair.

Committee Chair Kaneshiro: That is okay.

Council Chair Rapozo: Real quick. Do they get the twelve (12) days whether they use it or not?

Ms. Rapozo: No, it is only if they use it.

Council Chair Rapozo: They have to use it, okay.

Ms. Rapozo: So, if they do not use it, they do not get the overtime.

Council Chair Rapozo: Okay, thank you.

Committee Chair Kaneshiro: Ms. Rapozo, you hear where the questions are going, so when you do that spreadsheet on overtime, if you can break it out because if it ends up coming in a lump sum, you know you are going to get questions about how much was rank for rank, what was this, so it will just be easier when you come back.

Ms. Rapozo: The current report that I saw that we are just trying to finalize is just a summary, but I will check with our IT Division if they can break it out by rank for rank or those types of things.

Committee Chair Kaneshiro: It would just show a clearer picture of what is controllable and what is not.

Councilmember Yukimura: Correct, thank you.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: I will give you a scenario, if the Police budget last year was thirty-four million dollars (\$34,000,000) and this year's budget...I am just giving you a scenario, this year's budget is thirty-seven million dollars (\$37,000,000) and this Council said, "We are just going to give you thirty-five million dollars (\$35,000,000), we are going to cut overtime and what have you, and that is it." The Council is doing our job. We are setting the dollar amount which we feel this County can afford. Now, dealing with your guarantees and what, would the Police Chief have to consolidate departments or even issue pink slips to fit his budget. He cannot spend what he is not authorized, right?

Ms. Rapozo: That is correct.

Councilmember Kagawa: Therefore, we have the authority to set the dollar amount and you can have all these guarantees and what have you. If the Police Chief wants to guarantee all of his employees to have it and it does not fit the budget then he cannot do it. He will have to issue pink slips or reduce times of certain officers to fit the budget, right?

Ms. Rapozo: That is correct.

Councilmember Kagawa: Therefore, it is our job. We determine what amount we are going to give each department and I think that it is up to us to do our job.

Councilmember Yukimura: For discretionary overtime.

Councilmember Kagawa: For whatever we want.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Again, I will say that I really did not see anybody from SHOPO fighting for the TAT. I did not see anybody from SHOPO fighting for the Counties. I support the Police, I support public safety, but where were they? And just so that people understand how it used to be, I think our overtime budget back when I was in the department was like nine hundred thousand dollars (\$900,000) total. I think Councilmember Yukimura was the Mayor, in fact, back then. I do not know if it was nine hundred thousand dollars (\$900,000), but I can tell you this, that was it. So, when we ran out of overtime money, which usually hit the ending of February or March, we ran out of money, there was no money bills. Do you know what happened from that point, number one, you reduce the use of overtime. Number two, for the overtime that you could not stop, such as major crimes, storms, or whatever, the police officers received comptime. They did not get money. But that is back then, Fuji the Chief, Yukimura as Mayor, everybody was strict, everybody thought they were terrible, but now I understand.

Councilmember Yukimura: Thank you.

Council Chair Rapozo: Now I understand that that was what you got and you work within that budget. As times get leaner, maybe like Councilmember Kagawa is saying, we have to set that and force our managers to be managers. Force our Sergeants to be supervisors, lieutenants, captains, and so forth. Hey, we only get this much and they should know what they need and when people are working overtime, you say, "Sorry, catch up on that tomorrow," because we cannot afford it no more. That is how it used to be and that is because we did not have the money.

Committee Chair Kaneshiro: Okay. We are coming up on a caption break. I just want to get a feel from the Council, are there any more questions on this presentation? If not, we will take a caption break and when we get back, you can go over your Office of the Mayor presentation and then we will ask questions on the numbers. We will take a ten (10) minute caption break and come back on that presentation.

There being no objections, the Committee recessed at 11:00 a.m.

The meeting reconvened at 11:12 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. So the plan is to take the Mayor's presentation, Office of the Mayor's presentation, we will ask any questions we have on that particular presentation than we will go to through the different department: administration, Life's Choices Kaua'i, we will get through those and when we are done with that we will look over the H.R. reports, so that is the plan. Wally...

Mr. Rezentes: Good morning Councilmembers, for the record Wally Rezentes Jr., Managing Director. I will go over the Mayor's office budget. The Mayor's is comprised of sections that include the Mayor's administration, Equal Access ADA section, Boards and Commissions, and Life's Choices. Overall the Mayor's office budget for fiscal

year 2018 is relatively static, our budget request for fiscal year 2018 is two million, six hundred thirty five thousand (\$2,635,000) as compared to two million, seven hundred sixty five thousand (\$2,765,000) in the current fiscal year represents about a hundred and twelve thousand dollar (\$112,000) reduction or 4.1 percent decrease. The reason for, the main reason for the decrease of about one hundred twelve thousand (\$112,000) is a decrease in a non-recurring budget item of two hundred, thirty one thousand (\$231,000) in the current fiscal year and that was for the Kapaia Swinging Bridge Foundation grant, as well as increases to employee related costs including health fund, wages, OPEB and ERS of approximately fifty six thousand (\$56,000). With respect to our Boards and Commissions and Equal Access ADA programs we are also relatively flat. The Boards and Commissions budget reflects a 2.1 percent increase of fourteen thousand, two hundred nine dollars (\$14,209) over the current fiscal year and our Equal Access ADA program budget request is 7.1 percent increase or seven thousand, nine hundred sixty dollars (\$7,960) over the current fiscal year. These increases are a large part due to OPEB health fund, wages and ERS costs.

In our supplemental budget, we will be making or proposing a couple of adjustments. We had a duplication item of sixty thousand (\$60,000) in the Mayor's office as well as OED for the Kekaha host community benefits. We will be eliminating the sixty thousand dollars (\$60,000) from the Mayor's office budget submittal in the Mayor's supplemental budget, so we will be eliminating it on our side but you will see it remain on the OED side. We will also be reinstating the project graduation account from forty five hundred (\$4,500) to six thousand (\$6,000) in the supplemental. There was text in the budget that talks about two thousand (\$2,000.) for each school and the line item said forty five hundred (\$4,500) so we are going to make that correction to six thousand (\$6,000). If there are any specific questions relative to those sections, I would be happy to answer them or have the appropriate staff. I have Theresa Koki from Life's Choices here as well.

Committee Chair Kaneshiro: Yes, so the plan is, if there are any questions on the presentation we received ahead of time, we will ask those questions first, and then we will go to the different divisions. As we get to the different divisions we are not going back, so we will take administration and go over any questions from administration budget and once we are done we will move on. Life's Choices and once we are done with that we will keep moving so right now we will take questions on the Office of the Mayor 2018 Budget Presentation. Any questions? Council Chair.

Chair Rapozo: I have one real quick question and this might be manini but... Other Services showing an increase of 47 percent. What do other services... That is page one I guess.

Committee Chair Kaneshiro: Council Chair... We will take the questions on the presentation first than we will get to the budget.

Chair Rapozo: Sorry, I am not paying attention.

Committee Chair Kaneshiro: We will take that question first when we get to that. Councilmember Yukimura.

Councilmember Yukimura: Yes, there are a couple of congratulations on the County fitch rating that is really positive news and I think reflects all the work that has

been done primarily by the administration, but I know those of us who have supported the revenue removal of the cap and the addition of the investor class and those kinds of things really helped to get that so thank you for that. Really spectacular work in your EEOC division, your EEOA Coordinator that you are down from what used to be 10-12 formal ADA complaints – last year was only one and this year is none. It really shows the proactive work that has been done in training and early intervention and whatever so, we often just jump to the criticisms but I just wanted to acknowledge...very very good work, thank you.

Mr. Rezentes: Thank you.

Councilmember Yukimura: I was curious about this preschool and after school pilot program because this was a 2015 thing and it was in your last report. I was wondering why it is in this report.

Committee Chair Kaneshiro: Page 4.

Councilmember Yukimura: Yes, page 4. None of this was done in this past fiscal year was it?

Mr. Rezentes: Yeah I think that should have been eliminated, that's an error.

Councilmember Yukimura: Ok but the one below that the grant funding is the work that has been done in this fiscal year?

Mr. Rezentes: Correct.

Councilmember Yukimura: Okay great, thank you. On your DC consultant, can I ask a question now?

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: You have bus and bus facility grant which the county was awarded five hundred eighty thousand (\$580,000). Was that just a one-time grant or is there possibility of more regular grants like that especially given the fact that in another part of your budget you are saying that we are losing.

Mr. Rezentes: That was a non-recurring grant but I can tell you that we receive communications quite often from our DC consultant and the company is on the lookout for a number of opportunities and they keep in touch with the Mayor's Office as well as Public Works and others when they find opportunities for the County. I have only been back less than a year, but I think there is really good communication and I think right now it is really important with Washington D.C. being in somewhat of a change or transition, it will be very important for us to try to get as much as we can or whatever becomes available from the Federal Government. It seems like it will be a more difficult challenge in the future to get funding for such things as bus services.

Councilmember Yukimura: Yeah I mean, really the DC consultant is also a real success story I think because the Tiger Grants are the biggest achievement and they

seem highly competent and I think really helping us. Thank you for putting forth goals and objectives, strategic goals and objectives, I really appreciate that on pages 8 and 9. I have a couple of questions but before that up above the last item in challenges...finding appropriate methods to divert waste from our landfill in a cost effective manner. What exactly are you referring to, now that the MERF has been suspended?

Mr. Rezentes: Well we are always striving to figure out ways or open the ways to divert waste from our landfill in a cost effective manner as possible. One thing that we are going to be doing in this coming fiscal year, actually in the current fiscal year in a month or two from now is working with our Office of Economic Development in trying to bring together folks that have food waste, have a part of the food waste on-island or manage food waste on the island and trying to figure out ways to collectively potentially better utilize it so it gets out of the waste stream and maybe put to better use. It will be...Ben Sullivan is leading that group and it will be and I do not know how many hour sessions but he is trying to bring in a number of people in the business on this island to see if we can share information and resources with the goal of trying to divert food waste from the landfill. So different things that we can maybe do or partner with to improve diversion of waste and make it cost effective at the same time is what we should be striving for.

Councilmember Yukimura: So are you aware that we actually have a very comprehensive diversion plan in our integrated Solid Waste Management Plan?

Mr. Rezentes: We are and I think from what our information is there is a significant part of the waste stream kind of like a low hanging fruit that can be potentially taken out of the waste stream and be put to better use. Hopefully these discussions will...

Councilmember Yukimura: What is that low hanging fruit you are talking about?

Mr. Rezentes: Food waste, food related waste going into the landfill.

Councilmember Yukimura: What percentage of the...

Mr. Rezentes: I do not have that with me, you can talk to OED. I did not realize we were going to get into this specific detail today but they can discuss that as well as our solid waste division.

Councilmember Yukimura: Okay, thank you.

Committee Chair Kaneshiro: Any further questions on the presentation?

Councilmember Yukimura: Yes, your Creative Technology Center or is that a discussion that will be coming up on OED?

Committee Chair Kaneshiro: I think that would be more appropriate for OED.

Councilmember Yukimura: Okay. The last thing in your goals and objectives which is developing a range of affordable housing opportunities island-wide, is that really

your goal, just to achieve a range of affordable housing? Or are you going to be focusing on the greatest need?

Mr. Rezentes: Well in general terms we are looking and always looking for opportunities to find affordable housing options for our residents wherever appropriate.

Councilmember Yukimura: I am asking what is strategic. What will get you to your goal of meeting the housing need in the fastest cost effective way?

Mr. Rezentes: Why do we not have that discussion when Housing comes?

Councilmember Yukimura: Okay. I mean I have seen this language in the General Plan and I do not think it really captures what we want to do with affordable housing when it just says a range, so that means that if you provide housing for people with a hundred...

Mr. Rezentes: One twenty, one eighty, whatever.

Councilmember Yukimura: Yeah or where 80 percent of the need is it is hundred percent and below and so the more precise we can get in our language the better we can achieve our goal. Thank you.

Committee Chair Kaneshiro: Okay, anyone else or any questions on this presentation. Any further questions, if not we will move on to the actual budget and I know Council Chair you got your answer for the earlier question you had.

Council Chair Rapozo: Yes.

Committee Chair Kaneshiro: So we are starting it.

Councilmember Yukimura: What is the answer though?

Council Chair Rapozo: It was in the actual, I was looking off of our plus and minus sheet, but if you look in our actual budget in public relations and the Mayor's contingency...so my bad.

Councilmember Yukimura: Oh okay.

Committee Chair Kaneshiro: It is the public relations money. So any questions, we are going to stick with the administration division right now. So any questions regarding the budget for administration... Councilmember Kagawa.

Councilmember Kagawa: I am looking at the Grant in Aid account. I know I talked to you folks a little bit about it so, what is the rationale to reduce the Project Graduation from six thousand (\$6,000) to forty five hundred (\$4,500)?

Committee Chair Kaneshiro: I think they said with the supplemental budget they will put it back up to two thousand (\$2,000).

Councilmember Kagawa: Oh they just said that?

Committee Chair Kaneshiro: Yeah.

Councilmember Kagawa: Oh sorry.

Mr. Rezendes: Councilmember Kagawa our text said two thousand (\$2,000) each and then the dollar amount is...

Committee Chair Kaneshiro: The number did not match.

Mr. Rezendes: But I can tell you holistically the OED and as well as other departments who have Grant-in-Aid were asked to re-look at it and try to come to a reduction number of twenty to twenty five percent. In some cases we did it and some cases we did not.

Councilmember Kagawa: Yes because we have been giving them this for the past four years and I put it in there when I first got on because I found out that Honolulu HPD gives all the public schools two thousand dollars (\$2,000) each for bus transportation from the criminal asset forfeiture fund. Our Kaua'i Police Department said they cannot use that because they used it for their daily needs, so with the reduction of crimes that happened on graduation night because of Project Grad, I say if it is important in Honolulu then I know it is important here. These kids are on a high, they will get in trouble, and this Project Grad will keep them safe. It is less work for the police and that is the rationale keeping it at this...to help them with the bus transportation. Thank you.

Committee Chair Kawakami: Council Chair.

Council Chair Rapozo: I have a question for Ross. Who uses the asset forfeiture for that?

Councilmember Kagawa: HPD.

Council Chair Rapozo: Really?

Councilmember Kagawa: They give the schools that make the request two thousand (\$2,000) each just for bus. They had that policy in there for a while.

Council Chair Rapozo: I would be real interested to find out how they...I really did not think that asset forfeiture was available for that but if they are doing it then we know it is so we can try to follow-up.

Councilmember Kagawa: Well it is a direct benefit right? You get less police overtime, less call-outs, because Project Grad is keeping kids out of trouble.

Council Chair Rapozo: Yeah I know but the forfeiture rules are very strict.

Councilmember Kagawa: Okay.

Council Chair: That fund has rules, and if they are doing it, it is obviously legal and I would like to...

Councilmember Kagawa: Well I did not see the direct document but was told by some of the...

Council Chair Rapozo: No, I believe you. I am just curious.

Committee Chair Kaneshiro: Okay, any other questions. Councilmember Yukimura.

Councilmember Yukimura: Yeah I see Theresa there so I was wondering if we could get a report on the Life's Choices office work and the Adolescent Drug Treatment Center.

Committee Chair Kaneshiro: I think we will hold off on Life's Choices until we are done with the administration.

Councilmember Yukimura: Oh okay.

Committee Chair Kaneshiro: They have their own section. If no one has questions I have a couple.

Mr. Rezentes: Actually Life's Choices are within the administration.

Committee Chair Kaneshiro: We will hold off until...oh is it mixed in?

Mr. Rezentes: Yeah and usually there is a highlight that it says it is within the prentices Life's Choices program.

Committee Chair Kaneshiro: Oh yeah you see the numbers coming through here and there. I have some direct budget questions.

Councilmember Yukimura: Okay, fine.

Committee Chair Kaneshiro: I saw there were a couple new Grant-in-Aid projects; marathon; men's conference, and Ho'okahua youth program, Life's Choices. Can you go through each and the justification of what they are and why they are there. It is the Mayor-A-Thon...

Mr. Rezentes: It is the Mayor-A Thon, that is ongoing I do not think that is new. Mayor-a thon, is the annual program the Mayor has out in Kapa'a.

Committee Chair Kaneshiro: Was it not budgeted before and a Grant-in-Aid prior?

Mr. Rezentes: No I believe...

Committee Chair Kaneshiro: Or it always was?

Mr. Rezentes: No I thought it was.

Committee Chair Kaneshiro: Ok well I know what the Mayor-a-Thon is, I was just wondering what...

Mr. Rezentes: Yes I was told it was private sector funded in the past.

Committee Chair Kaneshiro: So the five thousand (\$5,000) goes for parking, or food, or?

Mr. Rezentes: For the whole program, I am not sure they have hundreds of people that attend that and there are costs associated with putting it on so that is a whole event in and of itself, so it is going towards that cost.

Committee Chair Kaneshiro: I guess for me I just want to know, how do you come up with the number, why is it in here, in the past we did not have to pay it and now we have to pay something for something. The numbers are here now so I guess what changed from last year?

Mr. Rezentes: Lack of grant funding.

Council Chair Rapozo: I am sorry; you are talking about the Mayor-a-Thon right?

Committee Chair Kaneshiro: It is not a big number, it is five thousand (\$5,000) but I was just wondering, security not being covered, the parking lot...

Council Chair Rapozo: Well I think the five thousand (\$5,000) here and the ten thousand (\$10,000) there and the six thousand (\$6000.00) here and the twelve thousand (\$12,000) there adds up.

Mr. Rezentes: I think HMSA, Kaiser, and others have done it in the past.

Council Chair Rapozo: Do people pay to participate?

Mayor Carvalho: No it is free.

Council Chair Rapozo: It is a free event?

Mayor Carvalho: Yes.

Council Chair Rapozo: Unlike the others.

Mayor Carvalho: Yes.

Council Chair Rapozo: It is well attended I know that. T-shirts... I mean the County writes a check to whom for that five thousand (\$5,000). Do we buy food?

Mr. Rezentes: I think the whole kit and caboodle, I mean I do not have the specifics to be honest, I do not have the specifics on that program but we can get that for you, how we came up with that amount. I can provide that.

Committee Chair Kaneshiro: Yeah I know it is small but an explanation on how we came up with it and why is it there.

Mr. Rezentes. Sure.

Councilmember Yukimura: And is there some contributions also from other HMSA and those folks, I mean and I do not know... the Mayor's name is in the event title so it is appropriately in the Mayor's Office and it is a wonderful event that highlights fitness and health. If people could pay a small registration fee and help with that, is that logistically possible? Or can HMSA and Kaiser and those folks that have a lot of money and it fit their mission pay smaller amounts? I guess we should look at the whole budget, whatever the Mayor-a-Thon budget is.

Committee Chair Kaneshiro: I mean just provide a justification for the five thousand (\$5000) it is that simple. If the Mayor is saying he needs money to make the event a little better, it is a great event and you get a lot of people there, it was free before and maybe now it might cost a little more money for some other stuff they have to do. We decide if we want to keep that money in there and have the event continue or is there other stuff or do we want to cut it. That is basically the decision but it is only five thousand (\$5,000). I just was wondering if we needed more police there, if we paid for overtime, so I do not know what the five thousand (\$5,000) was for. So if you folks can follow-up on the justification for that. The next one was the men's conference for ten thousand dollars (\$10,000) what was that?

Mayor Carvalho: So the men's conference was just working with the private sector again and I think Councilmember Chock was a part of that too, which is a great event just bringing men together. More of a mentoring kind of project program. And we found success in having them just being able to talk to each other. We had a guest speaker come in Joe Onosai who did a very inspirational talk on how we as men overall our responsibilities and our families. It was more of an empowering type of opportunity to reach out and the bigger picture was to hit some of the young and upcoming men and just having that opportunity to gather. This funding was to help with some of the cost for the speaker and there was some additional literature information that we wanted to give out and the location was over at Smiths Tropical Paradise... all of it so we wanted to continue this since it is the first time ever and this would be the follow-up to that. Because it is all done by a non-profit group of men and I forget the title but these men are the ones that are actually helping to put this event together.

Committee Chair Kaneshiro: Is it a one day conference?

Mayor Carvalho: Yes, it is a one day and there are follow-up sessions as well.

Councilmember Yukimura: You should get all of the Councilmembers involved.

Mayor Carvalho: Yeah.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I cannot speak to the budget so much but I can tell you that this kind of stems from previous years that the Mayor's Office has supported the Fatherhood Council, so that is where this has kind of transformed into, the Dads Coalition. So you have those agencies that are focused on fatherhood kind of coming together to serve the community around these issues that men are dealing with. So some of the outcomes moving forward and again I am not sure if that reflects this ten thousand (\$10,000) is to engage men, youth, young men in some of the issues that they are facing. So it is interesting in going to the schools with some of what this men's conference have come up with.

Mayor Carvalho: Another thing too is they wanted to do it on the west side so that was another location change.

Committee Chair Kaneshiro: Yeah I guess, I mean you know we look at these kind of names, it is free money we are giving out and we are saying that this is money that we can use to benefit the community. For me I just want to get a little more information on what is the ten thousand (\$10,000) going for, are we doing an annual conference that will have three hundred or four hundred people and we will do subsequent conferences and this money is paying for maybe the location that the non-profit is asking for or...I mean I do not know. For me I want more information and I do not know about the other Councilmembers. Council Chair.

Council Chair Rapozo: Well I think it is a difficult position to be in here because if we had the money we would like to support as many of these programs as possible, but I find it kind of difficult and awkward that about 2 hours ago I was blasting the State about keeping our TAT because we need that money and our Grant-in-Aid continue to increase. Like I said it is tough because I have sat in the training session for the men's conference and it is a great conference and it is a great thing to see all of these daddies come together and I never made the actual conference but, I guess if I was sitting in the State Legislature and I am watching the Grant-in-Aid on Kaua'i giving away to non-profits it would be kind of hard to justify. In my argument I said we need the TAT but yet we are increasing and I know the five thousand (\$5,000) may seem little but I know you said it is small money and it is small but when you combine it with all of the small money it turns out to be quite significant. We just have to be careful I think as we go forward as there comes a point where we have to reduce some of the grants because we just cannot afford it. Do you want to raise property taxes or propose to raise property taxes and at the same time and our Grant-in-Aid we talked about this at our last budget. We do not have a grants program like the Big Island when they had the Healing Our Island Community Fund they put X amount of money in there and people applied for grants then the selection committee would make a determination of who gets those grants. Ours is different, ours we have specified agencies that are going to receive this so no one else has an opportunity to access these funds unlike the Big Island. So this is really... I mean I kind of struggle with that because I want to help but I am saying, "State give us more money we cannot afford it,

we are broke," but we keep increasing that. It is just a tough position to be in for me and I would agree with you Arryl that I would want to see a budget, I would like to see what the money will be used for.

Committee Chair Kaneshiro: I think it would help both of us to be able to justify it really well to the public in saying the men's conference we are giving away a ten thousand dollar (\$10,000) grant to these folks and this is what we get for it. This is what the money is going for, this is how we budgeted and this is how great the event is but without a justification, I do not know what the ten thousand (\$10,000) is going for or what it does. That is just my opinion. Councilmember Yukimura.

Councilmember Yukimura: Yeah taking off of what you said Committee Chair, it would be helpful to see what the objectives are, what the outcomes you want are of this expenditure of money and a report back after it is all spent. I support the men's conference, but I think it would be really helpful to have a basic idea of what it is going to be used for and even a budget would be helpful so we can see contributions from other supporting partners for example. I do not know that the State can complain because you should see what they give out for all kinds of stuff in their Grant-in-Aid programs. It would be good to have a little more rigorous justification.

Committee Chair Kaneshiro: Any more questions on this men's conference? And it is not just... it could have said anything and I would have asked the same questions about the ten thousand (\$10,000) on what is the justification for it so you folks can provide us a little more info on that. Anymore questions on men's questions on men's conference? The final one is Ho'okahua Youth Program at twenty five thousand (\$25,000) what is that for?

Ms. Koki: I can speak to that. There were a few of us from economic development and our life's choice's program office that actually met with Councilmember Mason Chock regarding Ho'okua means to lay the foundation and it is regarding a civic engagement like a stewardship agreements with youth as we have with adults in the OED Program. This is an emergent trend to give youth ownership and it can be service learning projects out of school. It develops - it goes with our team which is positive youth development and strengthening families, family bonding and young people who take charge of their communities are more successful in life. I can give a quick example of what recently happened with the Waimea High School and the Waimea River Project. They had this project with all the students from Waimea High School certain classes get rid of the... first they did the study of why the river was not flowing like it should and they did their Mauka to Makai program and it was one bucket at a time. A lot of community people came out and it was awesome to see the whole family came out, the Kūpuna did what they could and the younger children were in the river with their parents getting rid of the silt islands and just working together as a community builds stronger youth. So this is the first time and we are still working on some criteria on the grant application and this would be available for people who want to do well in the community and it is different from the grant program that I have which is only nine thousand dollars (\$9,000) this year but it is like a give back.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: If I could add to it since I am part of the planning of this. I think it was along some of the lines that Council Chair was speaking of in terms of how grant funds are going out to actual different programs or different agencies. So for instance a youth agency such as Boys and Girls Club or Big Brothers and Big Sisters would apply for a portion of these funds. I am not sure what that amount would be, but part of their stipulation for receiving those funds would be to do some civic engagement stewardship work that is aligned with some of the County projects. As Theresa talks about building self-identity and connection to a place where they come from and understanding the importance of community involvement, I think that is where this idea has come from. Along the lines of what OED and Life's Choices has come together within forming this, I did put together a bill to support it, we have not seen it yet as I have not introduced it yet. We are currently working on the details of the program so at this point I think it is within that office to come up with how many hours would this youth be working, what would qualify for and the details of how you would engage with the youth. So the bill that I have does not actually have an amount attributed to it, this is something I think that Life's choices has looked in to trying to have some foresight as to where the program will go. That is all I have.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Thank you. So Theresa, twenty five thousand (\$25,000) would be for grants out to community organizations?

Ms. Koki: Correct.

Council Chair Rapozo: And no administrative cost, it is just twenty five thousand (\$25,000) would be back in the community, in organizations that will be giving back or doing community service projects?

Ms. Koki: Correct.

Council Chair Rapozo: And the selection would be done by your office?

Ms. Koki: Actually I no longer...I check the applications first and send it out and I have a committee that has to do all of the scoring on the application.

Council Chair Rapozo: So it would be run like your other grant-in aid...

Ms. Koki: Yes. And this one was specifically for youth.

Council Chair Rapozo: Ok. And I can attest to the scrutiny that you put in on those applications because I have gotten a couple of calls from you about...and I have seen some rejected applications for the right reasons, so thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: So how is it different from the Life's Choices mini grants?

Ms. Koki: The Life Choices mini grants are for their programs. They apply for money and do not have to do a give back, they just do their work that they already planned to do. This one here would have some civic engagement from the youth.

Councilmember Yukimura: So the Ho'okahua is going... or one common characteristic is that they are going to be service projects?

Ms. Koki: Yes.

Councilmember Yukimura: Okay. And the mini grants...what is the range of amount that you give in your mini grants?

Ms. Koki: Well this year I had to cut it by ten percent so usually give out used to be five hundred (\$500) to a thousand dollars (\$1,000). Last year when Council Chair Rapozo gave us the thirty thousand (\$30,000) Grant-in-Aid, we were able to help a lot of agencies, we gave two thousand (\$2,000) to twenty five hundred dollars (\$2,500) each.

Councilmember Yukimura: So it ranges from five hundred (\$500) to two thousand (\$2000) to twenty five hundred (\$2500)?

Ms. Koki: Now with this amount only it will probably go up to about one thousand (\$1000).

Councilmember Yukimura: And so with this Ho'okahua Youth Program, what is your anticipated grant level?

Ms. Koki: We are still working on the application and that information.

Councilmember Yukimura: So you do not have any...

Ms. Koki: Off the top of my head, no. Right now it depends on how big the project is as well. How long it will take them to complete the project.

Councilmember Yukimura: Do you any criteria for the project or what it is going to result in or the outcome?

Theresa Koki: I think we mentioned that we are working on it right now and the outcomes that I mentioned were positive youth development and building stronger families.

Councilmember Yukimura: Okay, thank you.

Committee Chair Kaneshiro: Any further questions from the Members on that twenty five thousand (\$25,000)? I guess for me...someone's phone!!! I guess my question for this is what is the justification for this being in Life's Choices rather than just a regular OED grant which goes through a similar process? OED has a lump sum of money and people apply for it.

Mr. Rezentes: I think... it is possible and you could potentially put it there and I think it ties with some of the same things that Theresa's area is responsible for so I think there is the intent of the Ho'okahua grant is similar to the same things that she is working on but not necessarily required quote-on-quote to be in her area versus OED.

Committee Chair Kaneshiro: Okay.

Ms. Koki: I did want to also add to that if I may. One of our prevention goals is breaking the cycle of addiction and with this, with building stronger families, communities, and youth engagement it would address a little part of that goal to make people more knowledgeable to engage in their community so they would have more civic engagement and to be stronger when it comes to temptation with all that is out there. It is getting worse so to me we have to do programs like this. The men's conference as well, the mayor and I go to the prison and we see the father, son, grandpa and so we want to break that cycle of addiction. The men's conference... Today's families are very different than before, we have fathers raising daughters and absent parents and foster families that we have a hard time to find for some of these so with these two grants we feel that it builds a stronger foundation. In the long run I think it will save us a lot of costs in incarceration and enforcement.

Committee Chair Kaneshiro: Councilmember Yukimura:

Councilmember Yukimura: You say it is getting worse so I was wondering what kind of statistics are indicators you are tracking to say it is either getting better or getting worse.

Ms. Koki: Well when I say to keep them from temptation in what is getting worse we are going to have people that are going for marijuana. Did you see the legislative bills? They want to make it recreational. The other thing is as we cut down on prescription drugs and the doctors have stricter protocols we are having a heroin problem here. It is all on the news and I did not take marks on how high it has gotten, I am just saying as things progress...

Councilmember Yukimura: Well okay, you know we have had a Kaua'i Community Drug Response Plan and is trying to be evident space so that we can be strategic in our expenditures and get the biggest bang for the bucks that we spend on anti-drug efforts. I have lost track of... do we have an updated plan and do we have the indicators that we are measuring? You know that we have the student behavioral surveys, right? Which indicate how much marijuana use there is among our kids, how much drinking problems there is and are we tracking that to give us an idea of whether it is getting worse? I am talking only youth at this point, whether it is getting worse or getting better and whether our efforts are making any difference. Do we have those statistics?

Ms. Koki: I think we just started our drug plan later 2016, so no we only have the data that you are talking about that anyone can read on the internet.

Councilmember Yukimura: Well I would think your office would compile the data and kind of report out in terms of how we are doing because that is our main purpose and desire.

Ms. Koki: When you say "we" you mean me, or are you meaning the direct service providers?

Councilmember Yukimura: Life's Choices Office.

Ms. Koki: Yeah because we do not do direct service, I can send you over the data it is on a link. Are you talking about the youth behavior report?

Councilmember Yukimura: No I am hoping that your office in fighting the war on drugs has identified key indicators that tell us what the youth level among our kids is. I am leaving that to your discretion whether it is marijuana use, alcohol use, and kind of using that as a report every year to let us know where we are on our anti-drug efforts.

Ms. Koki: Okay, well we work with our committees on the drug plan and we do have some data and we are working with the University of Hawai'i and they have collected data for us before when we had the SPF grant, so Maile Murray in my office my Prevention Coordinator is collecting that as well.

Councilmember Yukimura: So could you provide that in an organized format?

Ms. Koki: When she is done, yes.

Councilmember Yukimura: When she is done...so will that be before budget or after?

Ms. Koki: I can check with her.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Mr. Chairman, just a question on the overall process of the GIA (Grant-in-Aid) budget. Is there opportunities for non-profit or community organizations outside of this list to apply for GIA appropriations?

Mr. Rezentes: I think not only within OED there are opportunities but also in Eddie Sarita's area for more along the community groups and for parks they have opportunities as well for entities to apply.

Councilmember Kawakami: Well that is good to hear that it is an open application process and I think just moving forward something for this body to consider is to have the GIA applicants come before the Council to justify the grant. That is the way the legislature does it and so if any questions we may have can be answered by them because I can tell you the GIA budget at the state legislature has diminished significantly from its heyday. Most GIA applicants do not receive appropriations and they just recently started requesting salaries from the executive directors because some of these non-profits were applying for fifty thousand dollars (\$50,000) grants and we are paying executive directors upwards of two hundred thousand dollars (\$200,000). So these are types of things that the Council needs to get and especially for GIA because it is public money and all of these organizations do great work, but I think just to make sure there are checks and balances, we may want to, moving forward, allocate some time for GIA applicants. So just come before us and tell us where the money is going, rather than having the administration having to answer for them.

Committee Chair Kaneshiro: Yeah, I know for me if the admin was going to put the number in the budget then I would have expected them to have a justification for the number and that is only why I ask questions like on the men's conference and stuff like that. I know when OED comes in we ask them the same questions. One time they broke up all the projects by line and we would ask them what are they doing and what are the results and why are we funding it. Sometimes we get good answers and sometimes we might get a better answer if we just ask the organization directly so that is something to think about. Council Chair Rapozo...

Council Chair Rapozo: Again and like I said it earlier to Councilmember Kawakami we are on the same page as far as the availability of these funds to all organizations. If an organization knows a Councilmember or the Mayor they get the advantage and I think that is how it is done. I think what Councilmember Kawakami is saying is it might be more difficult for the Council but if you have that pot of money for GIA and it gets screened and vetted before it gets awarded than I think it's much more fair for organizations. There are so many organizations out there that... and they ask, "Mel you folks get any funding?" and what can I say... "call the Mayors Office", "call the Mayors Office", but there is no available moneys in here except for the little packages that Theresa mentioned and she will be administering or her office will be administering the grants to whoever is aware of those opportunities. I keep referring back to the Healing Our Island grant on the Big Island because I thought that was a great way to do it. Everybody on the Big Island knew if you had an organization and wanted to do something for Hawai'i the Big Island you would apply for the Healing our Island grant and that would be scrutinized and approved or not. Right now we have grants-in-aid but that is locked up with specific organizations so there is no... Ho'olokahi is for if you want to go clean a park or fix a park, but if some organization out there wanted to do a program or event, where would they go? There is nowhere to go, there is no money allocated for them unless you are on this list you will not be getting any money. It is something that I think we have to figure out in how we can make it a more fair process and more people can get grants because some of these grants are locked in and every year they get it, and they become reliant on it and it is very hard to take it away once they are reliant on it. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I am all for an open application process and I believe OED actually started hearing our concerns last year, they are starting to develop a fairer process so that is a good sign. But my question for Theresa is this an open application process? Do you announce that there are these grant monies available? What the criteria are? What the purpose is for the expenditure of moneys and give them a deadline and then have vetting process that makes the choices?

Mr. Rezentes: If I could before we go there, I know we are talking about granting and not being specific, but in actuality, the Office of Economic Development when they come up here, you can discuss that with them. There are a number of line items in their respective department budget, it is on page 69, the line item where they are RFPing...it will be done in RFP mode with ag support, and diversification for example, one hundred twenty thousand (\$120,000), so it is not specific to one entity. Product enhancement, fifty thousand (\$50,000).

Councilmember Yukimura: That is what we are asking.

Mr. Rezentes: Energy alternatives.

Councilmember Yukimura: We were asking about the program that is on the agenda, Life's Choices program.

Mr. Rezentes: I know but we are talking in general terms about not having GIA in particular.

Councilmember Yukimura: And my question is bringing it back to the agenda of life's choices, so I was asking Theresa a question about what is your process with these grants?

Ms. Koki: Are you speaking of the Life's Choices mini grants or you are speaking of the new program that I mentioned earlier? We are working on the criteria right now.

Councilmember Yukimura: Okay.

Ms. Koki: It is like Ho'olokahi but for the youth.

Councilmember Yukimura: So you intend it to be an open announcement process?

Ms. Koki: Of course, yes.

Councilmember Yukimura: So people will know? Because there is no announcement process for Ho'olokahi. It is just a form that sits there and people come and say, "can I..." those who know that it exists.

Ms. Koki: So for my office we have mandatory meetings, last year I had four in the evenings. If you come to the mandatory meetings you can get... there is an announcement and Mary Daubert put out a press release or Sarah Blane and they come and I do this in the evening and they come they have all of their questions. I

work closely with our grants manager on the criteria, the scoring, and so it is an open process for the project grant is automatically in the high schools and I take care of that too.

Councilmember Yukimura: But that is already in the budget in another place. Are you also going to give Project Grad moneys from this program?

Ms. Koki: I take care of this if it is in the Mayor's Office.
Most of the youth programs, yes.

Councilmember Yukimura: I know but it is not coming through the Ho'okahua program.

Ms. Koki: I am going down the list for the ones that I take care of and what the process is. So Project Grad will get their application mailed to them, they will not need to come to a mandatory meeting, it is cut and dry for transportation and other expenses for three public schools. The Life Choices mini grants there is a press release and a mandatory meeting and we go over the whole grant application.

Councilmember Yukimura: You have a committee?

Ms. Koki: Yes I have a committee and I am not sure if you folks know but we are doing all grants electronically now.

Councilmember Yukimura: Thank you.

Ms. Koki: The process is a lot easier and right now we are kind of working out some kinks. For the Ho'okahua program, we will do the same as far as publicity and giving everyone an opportunity. We have a rough idea of what we want, we did not want to have this.... We have been talking to the Mayor and we put it in the budget and discussed it with Wally and Mason and we are almost finished with the criteria and everything, basically the give back program part. Similar to Ho'olokahi but more available, they would not have to have an agreement with us "per say" in the beginning but then we will write something up. Another thing I take care of is the funding for the men's conference. It is the Kaua'i Dads Coalition, so it is not necessarily one person it is a whole group of people in the community that did the men's conference last year. They used money from the Office of Economic Development so we do have reports that we can share with you on the successes. We did take a survey of what they want to see in the future and that is for that specific agency. That is the only one I take care of that is only for that agency which includes a whole lot of people. Economic development told us quite recently that they could not fund it so that is why we put it in the Mayor's Office budget this year.

Councilmember Yukimura: Thank you.

Ms. Koki: You are welcome.

Committee Chair Kaneshiro: Any further questions regarding administration?
Councilmember Yukimura.

Councilmember Yukimura: You have this Life's Choices community education PR media. What is that?

Ms. Koki: That is whenever we have events and we have to pay for advertising and also for articles and information on the treatment center as it progresses.

Councilmember Yukimura: I saw an ad that did not have any educational thing, it just said Life's Choices office...in a publication.

Ms. Koki: Are you talking about Kaua'i Sports Magazine?

Councilmember Yukimura: It might be.

Theresa Koki: I think they made an error, where they were supposed to put that next to the KPAL schedule.

Councilmember Yukimura: That is the most strategic use of money to getting results? I guess, do you have some goals for Life's Choices?

Ms. Koki: All of our goals are in the plan.

Councilmember Yukimura: Which plan?

Ms. Koki: The drug plan.

Councilmember Yukimura: I do not have your current drug plan. You mean the administration?

Ms. Koki: The current drug plan was given to everyone here and the last fiscal budget I also gave you all the goals with the drug plan again.

Councilmember Yukimura: That should be in your budget report so that we know how...

Committee Chair Kaneshiro: We can request that info again and we can ask those questions offline, unless it is associated to a particular number. Any further questions?

Councilmember Yukimura: Yes. So one of the goals that is mentioned in your strategic goals and objectives for the Mayor's Office is secured approval of zoning for adolescent treatment/healing and treatment facility and complete request for proposals. Can you give us a status report on that project and a timetable?

Ms. Koki: I am sorry, I did not have anything in my budget for that so I did not prepare. Right now we are working with the Bureau of Conveyances in getting the grant deed that you folks approved a couple of weeks ago or so. Our consultant is working on the drawings and our Planning Commission hearing on all the permits will be on May 23rd I believe, it is a public hearing.

Councilmember Yukimura: And what about the RFP you say you are working on?

Ms. Koki: I am not working on a RFP.

Councilmember Yukimura: It says here complete request for proposal.

Mr. Rezendes: The RFP will come after the design work is completed and all the requisite permits.

Councilmember Yukimura: The design work...you mean the design of the building? Is that what you are talking about?

Mr. Rezendes: Upon the completion of the design. I think maybe we could provide a thorough update and provide a written status report on the Adolescent Treatment Center. That would be fine. I know that we are kind of going through a multipronged approach of getting the permits and getting the deed all completed and recorded, doing the design work with our architect, and hopefully they will culminate at a reasonable time to ultimately get the work completed and be able to RFP the program. We are still talking to different entities in the State to give us some best practices on what we should look for and what we should include for the ultimate service provider. But right now, our focus is more on getting the design complete, the permits complete, and going to be under construction of the facility.

Councilmember Yukimura: My concern is that if you do all of the design and construction before you get the operator, you may not get essential input that you need for the design and construction because you are not going to have the ultimate user around when the design is being done.

Ms. Koki: And your concern is well-taken. I believe you did express this concern at the last few budget hearings that we had. Ernie explained to you about the procurement process, that you cannot procure something that is not there. We have been working with our architect, medical offices, our Blue Ribbon Panel, and experts in the area of treatments, and once we procure the vendor or some change orders if it is not exactly how that certain vendor wants it to be.

Councilmember Yukimura: It might be more expensive that way.

Ms. Koki: It is standardized for (inaudible). They have been looking at our drawings. It is some standardized ways that you have to have the medical office buildings and residential center. So that, we cannot waver from. There are certain criterion that we have to follow with the State of Hawai'i Department of Health. The rest would be just a few minor...like I said, our Blue Ribbon Panel are experts in the treatment field. Mark has gone to the other treatment centers in the State of Hawai'i to look at what they have. They also offered us some guidance that they wish they had this building this way and that kind of thing. We are working on making sure that it is the best design for the kids and this age.

Committee Chair Kaneshiro: Do we have any money in the budget for the Adolescent Treatment Facility right now for this upcoming budget?

Mr. Rezendes: No.

Committee Chair Kaneshiro: I may ask that we either hold a Committee Meeting or something for an update on the Adolescent Treatment Facility because there is no money in this budget, and then we can move forward with the budget.

Councilmember Yukimura: That is fine. It actually is a long-range planning issue because if we have to put \$1,300,000 in the budget next year or the following year, that could cover one (1) collective bargaining unit.

Committee Chair Kaneshiro: Ultimately, it will not affect this budget.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: We are not going to tax for \$1,300,000 that we are going to have to owe next year. I think we can have a Committee Meeting on it for something and get a better idea of what is going to be coming up in the next budget as the Adolescent Treatment Facility comes up.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: As of right now, there is nothing to add or cut from it.

Councilmember Yukimura: My last question would be, if you build the building and go out with an RFP and you do not have qualified operator who actually bids, then what happens?

Ms. Koki: We are not going to build a building without a provider.

Councilmember Yukimura: Oh, okay.

Ms. Koki: I mentioned that Ernie said he would accept the blueprints and then we can go out.

Councilmember Yukimura: I see.

Ms. Koki: We are working on the RFP with the Alcohol and Drug Abuse Division because they are the ones that usually do treatment RFPs. So, we are working closely with them and we have been working closely with Ernie. In fact, we have a meeting coming up next week. We usually meet monthly to make sure everything is good.

Councilmember Yukimura: Okay. I am glad that you will get a provider before you start building. That is very good. Thank you.

Committee Chair Kaneshiro: Okay. Do we have any more questions for the Administration? We have about fifteen (15) more minutes. I am thinking we just try to get through Youth Work Program, Emergency Operating Center (EOC) ADA office, and the Office of Boards and Commissions. We will take a lunch, and when we come back, we will look at HR. I do not know how long HR will take, but I do not think we are going to be able

to get it done before lunch. So, that is the plan. Are there any further questions on the Administration budget?

Councilmember Yukimura: So the Youth Work is still pending, right?

Committee Chair Kaneshiro: Yes. Once we get done with Administration, we are not going back. We are going to move on.

Councilmember Yukimura: Right.

Council Chair Rapozo: What do we have left of the Administration?

Committee Chair Kaneshiro: Are there any further questions?

Council Chair Rapozo: On the budget, right?

Committee Chair Kaneshiro: Right.

Council Chair Rapozo: I think we covered it.

Committee Chair Kaneshiro: Are there any further questions from the Members? If not, we will move on to the Youth Work budget.

Council Chair Rapozo: Youth Work?

Committee Chair Kaneshiro: Youth Work Program.

Council Chair Rapozo: Oh, okay.

Committee Chair Kaneshiro: \$10,000. Page 7.

Mr. Rezentes: I am looking at something else.

Committee Chair Kaneshiro: That is money that the County uses to pay for the summer programs, I believe. No?

Councilmember Yukimura: Look at the next page, page 8.

Mr. Rezentes: It is the Youth Summer Work Program.

Committee Chair Kaneshiro: Yes.

Council Chair Rapozo: Are you talking about page 5 under the budget?

Mr. Rezentes: On the line item budget, it is page 5.

Council Chair Rapozo: Okay.

Councilmember Yukimura: Page 5?

Council Chair Rapozo: On the line item.

Committee Chair Kaneshiro: Look on the very bottom. We are on page 7.

Council Chair Rapozo: Oh, there are two (2) numbers on this thing.

Committee Chair Kaneshiro: Look at the bottom number.

Council Chair Rapozo: I am sorry.

Committee Chair Kaneshiro: We are on page 7.

Council Chair Rapozo: Top right says page 5, bottom right is page 8.

Committee Chair Kaneshiro: Yes, do not look at the top right number.

Council Chair Rapozo: It is to confuse us, Councilmember Brun.

Committee Chair Kaneshiro: \$10,000. Just a description on the Youth Work, KEDB Summer Work Program with private businesses.

Mr. Rezentes: Basically, KEDB helps us by partnering with businesses such as hotels and other entities to find work opportunities in the field and we cost-share this with the private sector entities.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I noticed so far this year, they have spent none.

Mr. Rezentes: No, it is usually the summers.

Council Chair Rapozo: Oh, okay.

Mr. Rezentes: The program is in the summer, so this money will be used for this summer's program.

Council Chair Rapozo: Do we have like a report from the last year? How they spent the money last year and how many kids went to work?

Mr. Rezentes: We could get that.

Council Chair Rapozo: I am just curious. Thank you.

Councilmember Kawakami: Quick question.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Are we paying businesses to hire kids? Is that what it is? Is that what this money is being used for?

Mr. Rezendes: We are partially funding these internship programs.

Committee Chair Kaneshiro: They are paying the kids.

Councilmember Kawakami: We are paying the kids and not the businesses. Is that what I am hearing?

Committee Chair Kaneshiro: Correct.

Mr. Rezendes: We are partially funding it.

Councilmember Kawakami: Cost-sharing. Wow. I wish I had known about this when we were running Subway.

Committee Chair Kaneshiro: I think Grove Farm Company, Inc. participates in it. It is an internship program in the summer. We usually get an intern, they work on projects within our office, and I think we pay them a portion of the money and then the County pays the portion of the money.

Mr. Rezendes: Right.

Committee Chair Kaneshiro: Kids look for job opportunities and the County tries to match them in somewhere where they would fit in. That is how it works. Of course, the company has to volunteer to want to do it, too, and pay the intern.

Mr. Rezendes: Sometimes college kids that may be looking to get into tourism management, KEDB is able to hook them up with a hotel, provide them a job, give them some experience for a month or two (2) months in the summer, and give them experience in the field.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: It looks like you folks moved it from Special Projects to Grant-In-Aid. What is the reason for that? Why would we move it from Special Projects to Grant-In-Aid? I noticed all of these Grant-In-Aids.

Mr. Rezendes: I think it was easier. That was our Director of Finance doing it this way so that we can better identify all of the Grants-In-Aid programs throughout the County in the various departments.

Council Chair Rapozo: Oh, okay. So we do not have Special Projects in any of the departments anymore?

Mr. Rezendes: Did we get rid of the Special Projects entirely?
Yes.

Council Chair Rapozo: Okay. So it is much easier and the reporting, especially for us...

Mr. Rezentes: And they can yank it, too.

Council Chair Rapozo: Right.

Mr. Rezentes: They can pull it on a Grant-In-Aid basis.

Council Chair Rapozo: Like a Grant-In-Aid, let us say KEDB in this case, KEDB gets this grant. Do they charge an administrative fee? In other words, is \$10,000 going to the youth?

Mr. Rezentes: Yes. What percentage of it is actually going to the youth?

Council Chair Rapozo: Yes. When you add up all of our Grants-In-Aid, it is significant if you are taking a ten percent (10%) or twenty percent (20%) administrative fee, which is what typically, the nonprofits do. Hawai'i Community Foundation does that. They make a lot of money by being the handler of the fund. I just wondered how much is actually going to the program. I am just using this one as an example, but there are many others.

Mr. Rezentes: Versus administrative costs?

Council Chair Rapozo: Right. There is Red Cross, there is YWCA, and all of these grants that we give out. I am just curious. What is the percentage that actually goes to the program?

Mr. Rezentes: That is a good question, and I think it could vary depending on the grant program.

Council Chair Rapozo: Yes. What I would like to see is that most of those funds go to where we want it to go and not paying somebody's salary. I think Councilmember Kawakami alluded to that. When we are giving these agencies money and their salaries are so high, and then our taxpayers are paying. So I am just curious what percentage is actually really going to the program and should the County set a ceiling on these grants?

Mr. Rezentes: A standard.

Council Chair Rapozo: One of the provisions or conditions of the grant is you cannot have more than x percentage going to administrative fees. I think it would be prudent because some of these grants are quite big. Thank you.

Committee Chair Kaneshiro: Is this grant separate? I know we have summer interns at the County also. Is this all part of the same grant or is it separate?

Mr. Rezentes: Separate.

Committee Chair Kaneshiro: That other one comes out of Office of Economic Development? Oh, out of Parks. Councilmember Yukimura.

Councilmember Yukimura: And there is also a grant agriculture internship program under OED.

Mr. Rezentes: Right.

Councilmember Yukimura: So there are quite a few. I support them. If it is well-run and well-managed, it can be a really great opportunity for our young people looking at various careers.

Committee Chair Kaneshiro: Are there any further questions on this \$10,000 grant?

Councilmember Yukimura: We are going to get a report, right?

Mr. Rezentes: Yes, I can.

Committee Chair Kaneshiro: Just a follow-up on...

Council Chair Rapozo: From last year, obviously not this year.

Committee Chair Kaneshiro: If there are no further questions, we will move on. EOC ADA Office, equal access, page 9 on the bottom. Are there any questions? There is not much change. Salary increased a little and that is about it.

Mr. Rezentes: Yes.

Committee Chair Kaneshiro: Everything else is the same.

Mr. Rezentes: We have one (1) employee Linda Nuland.

Committee Chair Kaneshiro: Yes, one (1) employee.

Mr. Rezentes: That is her program right there.

Committee Chair Kaneshiro: If there are no questions, we will move on to Boards and Commissions, page 12 on the bottom. Boards and Commissions is very similar, not much movement except for the regular salary increases. Councilmember Chock.

Councilmember Chock: With the incoming Zoning Board of Appeals, I was just wondering how that is factored into any costs in the Boards and Commissions' budget.

Mr. Rezentes: I think it is going to be, I guess, more time consuming on their part to start that program up. I think there is going to be a need for a lot of legwork to get the necessary members on that Board, but right now, we feel that we can manage within the budget that is proposed.

Councilmember Chock: Just for clarity, staffing is going to be necessary. Is legal support necessary? All of these costs are going to be incurred in other departments. Is that correct?

Mr. Rezendes: Such as County Attorney?

Councilmember Chock: Yes.

Mr. Rezendes: For those costs if it is legal in nature.

Councilmember Chock: So you anticipate no additional costs with the establishment of the Board of Appeals?

Mr. Rezendes: Yes. What we have here, we feel will suffice based on what we anticipate. Yes, you are correct. If there are costs relative to attorneys or legal advice that will be worked on or funded through the Office of the County Attorney, as I understand.

Committee Chair Kaneshiro: Councilmember Kagawa.

Councilmember Kagawa: Are the positions all filled?

Mr. Rezendes: Yes, they are. We had a vacancy that was filled a month or two (2) ago, so they are all filled.

Councilmember Kagawa: So you just filled it a month ago? Shucks, I just missed that cut.

Committee Chair Kaneshiro: Are there any further questions for Boards and Commissions?

Council Chair Rapozo: Real quick.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: \$1,500 for the Police Commission video. Is that accurate? What is it once a month?

Mr. Rezendes: I could get you that answer. I am not sure.

Council Chair Rapozo: I am just looking at \$1,500. I guess the numbers have not changed, right? We are using the same. We are looking at year-to-date already at \$222,000 and we are asking for \$144,000. Is there a reason why we are already well over the budget?

Mr. Rezendes: I am not sure if that was any carryover. Sometimes the \$222,000 is deceptive with encumbrances. So basically, it is not always you can say that \$222,000 is actually year-to-date because there may have been some prior encumbrances that flows into that \$222,000. But based on the estimates of those three (3) items; the legislative tracking website, the video streaming of Council and Planning Departments, and the Police Commission, that is our best estimate going to next year. We believe the burn rate will be approximately...

Council Chair Rapozo: Right now, where is the money coming from? We have \$144 budgeted, right? Year-to-date, we have paid \$222,000. Where did that difference and I am assuming it will be more?

Mr. Rezendes: Ken, do you want to explain about the encumbrances?

Council Chair Rapozo: Obviously, the budget does not carryover so at the end of the fiscal year last year from July 1 of 2017 until now, we have spent \$222,308, but the line item only has \$144,000. I would assume it is going to be about \$100,000 or close to \$100,000 at the end of the fiscal year. Where does that money come from? How do we pay it? It must have transferred from someplace. It is at \$80,000 right now.

Mr. Shimonishi: If we are looking at the first column, the original budget of \$144,000 and next column over says, "adjusted budget of \$222,461." That would mean that the original budget plus the prior year's outstanding encumbrance or any budget adjustments that were done then increased that line item budget to \$222,461. Thus far this year, we have expended and encumbered a combination of \$222,308. So going forward, the next year's request is still \$144,000 and if any encumbrances remain at the end of the year, any amount outstanding on this contract would carry over and then increase next year's budget as well.

Council Chair Rapozo: So you are saying the budget we pass, the final budget that we passed last year was \$222,000?

Mr. Shimonishi: No. The final budget we passed last year was \$144,000 even.

Council Chair Rapozo: Okay.

Mr. Shimonishi: But when the prior year ended, if there was an outstanding encumbrance or outstanding amount, that rolls over because we are going to draw on that. So that increased that.

Council Chair Rapozo: I understand, but starting July 1st, you only had \$144,000 to spend.

Mr. Shimonishi: Correct.

Council Chair Rapozo: And we paid \$222,000. Whether it is from a prior bill or what, we still had to come up with \$222,000 to pay whatever we owed, correct?

Mr. Shimonishi: Well, it would be...so are you looking at the year-to-date expenditure and encumbrance?

Council Chair Rapozo: Yes.

Mr. Shimonishi: What I am saying is that amount includes expenditure as well as what could be still encumbered to be spent down.

Council Chair Rapozo: I understand, but \$144,000 is all we have to spend.

Mr. Shimonishi: We started the year with \$144,000, but prior year's budget, whatever was remaining that was encumbered, added to the \$144,000 for this year to make it \$222,461.

Council Chair Rapozo: I am still confused because when we passed the budget July 1st, it starts at whatever this Council and the Mayor approved.

Mr. Shimonishi: Correct.

Council Chair Rapozo: And that was \$144,000.

Mr. Shimonishi: Yes, we started with \$144,000.

Council Chair Rapozo: Right. So, in that bank account, we only have \$144,000.

Mr. Shimonishi: Right, plus you would have whatever is remaining from the previous year's budget that was already encumbered, but not spent, and it rolls over. That would add to your July 1st \$144,000.

Councilmember Yukimura: You are not going to be billed everything this year for this year's work.

Mr. Shimonishi: Right.

Council Chair Rapozo: I know, but you only have what you have in the line item to spend. So if you are carrying over an encumbrance or a bill, what we owe, you are not carrying over the money that you...you only have the \$144,000. Maybe I am just really...

Mr. Shimonishi: No, because we say we think we are going to expend \$144,000 as the burn rate, so to speak. So that is the budget we come to the Council with.

Council Chair Rapozo: Right.

Mr. Shimonishi: And the Council can say, "Okay, you have this \$144,000 is what you are approved," but in the prior year, the Council already approved budget dollars. We were expending that budget dollars through the year and if we had encumbered those budget dollars, whatever remains encumbered but not spent, then rolls over to the July 1st, \$144,000 amount because you would continue to expend on that, you would encumber the new \$144,000 and it keeps...

Council Chair Rapozo: So you are telling me in that line item come July 1st, you will have more money than we approve?

Mr. Shimonishi: Right now if you were to approve again, the \$144,000, we have the \$144,000 plus whatever is currently ending June 30, 2017. The budget is already approved. Whatever is encumbered, would carry over to next year because you have contracts that go over budget years.

Council Chair Rapozo: How can that be? Where is that coming from?
Maybe I have to draw I picture.

Mr. Shimonishi: In 2016, the Council approved moneys, right?

Council Chair Rapozo: Yes.

Mr. Shimonishi: And the Departments will spend the moneys or encumber it. The next year, you are approving this dollar amount, and whatever remains here then gets added to here.

Committee Chair Kaneshiro: Maybe during lunch or something we will have them draw the picture for us.

Council Chair Rapozo: If it is just me that is confused, then that is fine.

Councilmember Kawakami: No, it is not just you.

Council Chair Rapozo: I thought when we give one hundred forty-four thousand dollars (\$144,000), that is all you get. Whatever was not spent or whatever that prior year...

Mr. Rezentes: Let me try.

Committee Chair Kaneshiro: I mean, we are coming up on lunch. It is a timing issue, but if we can get it explained a little clearer. Councilmember Kawakami, did you have a question on it?

Councilmember Kawakami: Yes, really quickly. In very simple terms, it is not like we are sneaking money to cover our costs? It is money that was sitting there. Say for example, we have \$10 for the previous year budget, but we are only able to pay \$5 because we did not get billed. That \$5 sitting there for those expenses just floats to this year's budget?

Mr. Shimonishi: Correct, as long as the Department has encumbered that money through some contract.

Councilmember Kawakami: Okay. So it is just we did not get billed in a timely fashion or whatever it is. So it is money that is sitting there. It is not money we are moving, right?

Mr. Rezentes: If you have an annual contract that starts in October and not July, and it is only for one (1) year. Our fiscal year starts in August, so July, August, and September. That means you will have three (3) months into the following fiscal year that the contract will go. So you are actually encumbering it in the contract in

the current year and the moneys that are actually going to be used and payable in the ensuing year because your contract overlaps fiscal years.

Councilmember Kawakami: I guess before we break, it would be simpler for us to get a more accurate picture if you folks know what that encumbered amount is, just to add it so we know what is coming down the pipeline. I do not know if that is a...

Councilmember Yukimura: It is \$222,000 minus \$144,000, which equals \$78,000.

Councilmember Kawakami: No, but it is not, Councilmember Yukimura, because it is \$144,000.

Council Chair Rapozo: Try help me understand.

Mr. Rezentes: Okay.

Council Chair Rapozo: That money has to be somewhere. We cannot just say, "July 1st, we get \$80,000 that showed up in our budget." Where did it come from because at the end of June 30th, that budget is done? Let us say we have an outstanding bill of \$100, that money was still in that account, right? We still have the money in that line item on June 30th, so you would basically have a surplus or extra money. I do not know. I am just really confused. Maybe a picture would help. Councilmember Kagawa is laughing because he is accountant. He probably understands this. I do not.

Councilmember Kagawa: No, I am confused as well.

Council Chair Rapozo: Okay, good.

Councilmember Kagawa: So I would like to see a picture.

Council Chair Rapozo: Even Councilmember Brun was nodding like he understands.

Mr. Rezentes: I can explain it to you.

Council Chair Rapozo: Okay, good. Let us do it over lunch then.

Committee Chair Kaneshiro: Do we have any further questions on Boards & Commissions? If not, we are not going back to it. When we come back, we are going to go to HR Reports. Councilmember Brun can explain to everybody and draw a picture on the encumbrances.

Council Chair Rapozo: Let us have Councilmember Brun draw it out.

Committee Chair Kaneshiro: Are there any further questions? If not, we are going to take a one (1) hour lunch break.

There being no objections, the Committee recessed at 12:36 p.m.

The Committee reconvened at 1:41 p.m., and proceeded as follows:

HR Reports

Committee Chair Kaneshiro: Right now, we are on the Human resources (HR) Reports that we received. Does anyone have any questions on the HR Reports? This is the last item for today. I will open it up for questions. We all have the HR Reports on our desk. Council Chair Rapozo.

Council Chair Rapozo: I am not sure how you want to do this, Committee Chair Kaneshiro. I do not know if you want to save the specific vacancies with the individual Departments or if you want us just ask general vacancy questions.

Committee Chair Kaneshiro: I would rather have us ask more general questions. If you have specific questions for certain line items, I would save those line items for that actual Department.

Council Chair Rapozo: Okay. I am just looking and some of these positions have been vacant for thousands of days, and that is not a typographical error (typo). How long would it take to create—I spoke to the Mayor about this, so it is not a surprise that my plan is to propose that we just remove these positions, not dollar-fund, but completely remove it. Let us say that you needed a position today for something or you foresee a position that some Department needs, how long does it take to create that position?

Ms. Rapozo: Good afternoon. It would probably be dependent on how many readings it would be here at Council, but we could...

Council Chair Rapozo: So is it just...

Ms. Rapozo: Go ahead.

Council Chair Rapozo: Is it just a bill creating the position?

Ms. Rapozo: Yes, I believe so.

Council Chair Rapozo: First Reading, Public Hearing, Committee, and Second Reading. If everything goes smoothly, it would probably be six (6) to eight (8) weeks. You obviously would know two (2) months in advance if you needed a position. I mean, you could see the need coming.

Ms. Rapozo: Yes.

Council Chair Rapozo: You, meaning the Department Head. Okay. Thank you.

Committee Chair Kaneshiro: Are there any further questions? I have kind of a follow-up. If there was a situation where we got rid of a dollar-funded position and then the Department came back in and said, "We need this position and it is going to cost this much," do we need to do a money bill for that amount, or would the Department say, "We

have this extra money in our budget and we are going to put it towards that, and then next year, we will accommodate it in the next budget?" How does that usually work?

Ms. Rapozo: If the Department does have funds that they have available in their current budget to fund a new position, it would still have to come to Council to actually create the position number. I do not know if that would still require the readings because if there would not be a money bill, I am not sure if it would still have to go through those two (2) readings and all of that.

Committee Chair Kaneshiro: Okay. Councilmember Chock.

Councilmember Chock: Thank you. I see there are some State funded positions.

Ms. Rapozo: Yes.

Councilmember Chock: Are those just solely State funded? Do we partially fund it with the General Fund?

Ms. Rapozo: Some of them are partially funded. It will say, "General/State funds," for example, in the Agency on Elderly Affairs. There is one (1).

Councilmember Chock: Oh, I see that.

Ms. Rapozo: The budgeted amount will show you how much is actually in the General Fund budget.

Councilmember Chock: Okay, and obviously we have a State fund that is established. How much is in the State fund for these positions or how big is the State fund for these positions?

Ms. Rapozo: I am sorry.

Councilmember Chock: Do we have a total amount within the State funds that are attributed to positions?

Ms. Rapozo: I do not, no. On the last page, it will show you how many General, Federal, and State funded positions that are vacant, but I do not have the total number because there are some that are filled.

Councilmember Chock: Okay. Then when we come to, for instance, Police, is there some State funding that goes to the Police?

Ms. Rapozo: For their Emergency Dispatchers.

Councilmember Chock: So just for those specific positions?

Ms. Rapozo: Yes. They have that for the Emergency Dispatchers, and I believe they have Federal funds, the Community Oriented Policing Services (COPS) grant, for six (6) police officers.

Councilmember Chock: Okay. When we look at the police officer line items, the actual employees, does it disseminate General Fund versus State funds as well?

Ms. Rapozo: The budgets since last year, have all of the positions located in the budget now.

Councilmember Chock: Okay.

Ms. Rapozo: If they are partially funded, they will have one (1) asterisk. If they are fully funded by something else, it will have two (2) asterisk.

Councilmember Chock: Okay.

Ms. Rapozo: If you look on the Police budget, you should be able to discern how they are funded.

Councilmember Chock: So if we look at the Police, if they have two (2) asterisks, does that mean that they get multiple funding?

Ms. Rapozo: Yes, and I cannot remember which way it is, but there is a little footnote at the end of the positions that delineate whether it is one (1) asterisk or two (2).

Councilmember Chock: I see the asterisk.

Ms. Rapozo: Do you see it?

Councilmember Chock: Yes. Okay, thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I have a general question and I mentioned it earlier today, which is the evolution of a position. I know I asked for all of the contract positions and short-term, so I got the report. It looks like majority of the positions are in Housing Agency and in the Transportation Agency. But if you look at the, and I do not know if you have this. I think it came from your Office, but the Special Assistant to the Housing Director, which original position for that Position Number 9536, was a Senior Clerk Typist. That position was changed over to the Special Assistant to the Housing...I am assuming the Housing Director. So we went from a Senior Clerk Typist, which is probably a SR-10 maybe?

Ms. Rapozo: Yes.

Council Chair Rapozo: Over to a contract position, which is paying \$42.29 an hour?

Ms. Rapozo: Correct.

Council Chair Rapozo: Which equates to about \$85,000 to \$86,000 a year. So we went from a SR-10 of a little over \$20,000 a year, to eighty something thousand dollars a year. Does all of this occur without Council approval or Council information?

Ms. Rapozo: Correct, unless it comes through as a change in the budget.

Council Chair Rapozo: Well, that is about a \$40,000 difference, maybe even more than \$40,000. Does that just come from the Department's budget from someplace?

Ms. Rapozo: As long as the Department can cover the cost, yes.

Council Chair Rapozo: Which tells me that they had more money than they needed. That is just my perception.

Ms. Rapozo: I think that position was changed originally in a budget though, if I recall who occupied that position.

Council Chair Rapozo: Oh, but it is contract position.

Ms. Rapozo: Yes, but the original Special Assistant to the Housing Director, I think it was changed three (3) or four (4) budgets ago.

Council Chair Rapozo: So contract means what? No benefits?

Ms. Rapozo: No. It just means that they are exempt from Civil Service requirements. So they have benefits if they are full-time.

Council Chair Rapozo: Okay. The process for the contract positions, more specifically the eighty-nine (89) days, do you need a vacant position number for that?

Ms. Rapozo: You do, unless we are going to use Section 3 of the budget ordinance, which allows you to fill a position if someone is out on long-term leave or for succession planning. Then in that case, you would use the current number that an incumbent is in and then you can use that position number.

Council Chair Rapozo: But that incumbent is not getting paid?

Ms. Rapozo: They may be getting paid. They might just be out on long-term for workers compensation or maybe leaving and the Department wants to ensure that we have someone in there before that person leaves so that there is some training.

Council Chair Rapozo: So we have two (2) people in the same position number?

Ms. Rapozo: What we will do is based on Section 3 of the Budget Ordinance, we will probably add a "9" before the number so it is two (2) different numbers, but it is reflective of the same number in the budget.

Council Chair Rapozo: I guess I have to read Section 3. I do not know what that is.

Ms. Rapozo: I think it is in the Provisos of the budget.

Council Chair Rapozo: I cannot remember what that was. That funding comes from where?

Ms. Rapozo: They would have...

Council Chair Rapozo: They would provide the funding?

Ms. Rapozo: Correct.

Council Chair Rapozo: How many of those positions do we have right now? How many positions are we paying two (2) people for the same position?

Ms. Rapozo: Let me see. I think there is just a handful right now, but I would not be able to give you a quick answer.

Council Chair Rapozo: Okay. We can get that later. Thank you.

Councilmember Yukimura: I have a follow-up.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Section 3 as I recall, was to allow succession planning and training, right?

Ms. Rapozo: That is one (1) of the categories in Section 3. There is also a category if someone is out on long-term leave, then the Department can fill.

Councilmember Yukimura: But I think it was one that if we did not initiate, we supported it. I think former Council Chair Furfaro was really into succession planning, but I think we all see the value of it rather than having somebody leave cold turkey and somebody come in cold turkey. Thank you.

Committee Chair Kaneshiro: Councilmember Chock and then Council Chair Rapozo.

Councilmember Chock: Thank you. I am going back to the State funding.

Ms. Rapozo: Okay.

Councilmember Chock: As I looked at all of them, I noticed that pretty much all of them are not funded.

Ms. Rapozo: It is not funded by the General Fund.

Councilmember Chock: Okay. So that is why it does not have a number there?

Ms. Rapozo: Yes.

Councilmember Chock: So what is why it says "0"?

Ms. Rapozo: The report on the vacancies was to generate what kinds of savings there were for the General Fund. We added that column a couple of years ago to show that what was actually budgeted in the General Fund so that you folks could compare what the actual savings would be to the General Fund, not if we are saving State funds or Federal funds.

Councilmember Chock: Oh, okay. So if I look to the salary range, then that is pretty much what the State fund covers?

Ms. Rapozo: Yes.

Councilmember Chock: For that position?

Ms. Rapozo: Yes.

Councilmember Chock: And those positions are funded?

Ms. Rapozo: They are all funded.

Councilmember Chock: I mean, they are not vacant, is what I am saying.

Ms. Rapozo: No, these are vacant.

Councilmember Chock: Oh, these ones are?

Ms. Rapozo: Yes, those are the vacant ones.

Councilmember Chock: Alright. Okay. Thank you.

Committee Chair Kaneshiro: On the Department Reports, you will see that one (1) asterisk is partially funded by other sources, and it will be a smaller number. Then, you will have two (2) asterisks with no budget for it. Those are one hundred percent (100%) fully funded by another source such as State or Federal. Council Chair Rapozo, did you have a question?

Council Chair Rapozo: Just on the Section 3. Typically, you will add a position, so you will bring someone in? Let us say for succession planning, you would bring another person in?

Ms. Rapozo: Correct.

Council Chair Rapozo: Succession planning, to me, is training someone that is already there. You have a person in a position that maybe retiring that somebody in that Office would train. But you are saying you would bring in someone from the outside to be trained to take that position?

Ms. Rapozo: It is dependent on what the Department wants, but if they are looking at maybe possibly somebody from the outside, then that particular proviso would allow for us to add another position. They would need to make sure they have funding to cover both positions.

Council Chair Rapozo: Okay. I kind of remember the discussion back a few years ago. I did not realize that we would be bringing someone else in from the outside, but if that is the way it works, that is the way it works. Actually at any given time, we would have more employees on payroll than what the budget...

Ms. Rapozo: For a short amount of time because eventually, the other person will leave.

Council Chair Rapozo: If the person is out on long-term though.

Ms. Rapozo: Yes, but you would have to make sure you have funding for both positions.

Council Chair Rapozo: Yes, and that is why I am getting concerned. If we have the funding, that means we over budgeted someplace if we can afford to have two (2) people for one (1) position.

Ms. Rapozo: At times. Sometimes the long-term leaves are on workers compensation and they only get paid two-thirds (2/3), so you possibly have some wiggle room with some budget numbers.

Council Chair Rapozo: I am not so concerned about the long-term absence. It is more of the one (1) more body in the Office to train when you have a resource or you should have a resource within. I think every Office should have a succession plan and I would think that unless you are a...

Ms. Rapozo: There are times like that. The Director of Finance reminded me that in their Public Works Fiscal, they did do succession planning within their fiscal office so that they did do that. One (1) example that is possibly of concern to Finance is the Treasurer. There may not be anybody to go there, and so that one, they might bring somebody from the outside.

Council Chair Rapozo: That one, obviously. There are positions that are highly skilled and specialized that you cannot expect someone in that Office to take on those duties. But I think generally speaking, everybody that retires should have someone ready to step-up, I would guess, if you have succession training. Now again, excluding treasurer, Police Chief, and Fire Chief. Okay. Thank you.

Committee Chair Kaneshiro: Are there any further questions from the Members? Councilmember Yukimura.

Councilmember Yukimura: Janine, what is the total number of employees that we have?

Ms. Rapozo: Off the top of my head, I believe we are hovering around one thousand two hundred (1,200).

Councilmember Yukimura: One thousand two hundred (1,200)?

Ms. Rapozo: Give or take.

Councilmember Yukimura: The vacancies are how many, or do you have that?

Ms. Rapozo: The total number right now as of the March 15th report was one hundred thirty-eight (138), but of that, thirty-five (35) were dollar-funded.

Councilmember Yukimura: Okay. What is that? About a ten percent (10%) total?

Ms. Rapozo: A little less.

Councilmember Yukimura: Yes. Okay. I wanted to ask, or maybe I should ask Council Chair Rapozo first. You are thinking of pretty much removing any position that has been over one thousand (1,000) days?

Council Chair Rapozo: No, not one thousand (1,000). I am thinking maybe ninety (90). It depends on the Department Head. I am just getting tired of being told the same story every year and every year, the vacancy shoots up an additional three hundred (300) days. It is just you are ever going to fill it or not. I am just very uncomfortable with the ability for these vacant positions to be used for contract positions without the Council having and knowledge or having the approval. If we are not going to fill it, then let us just remove it.

Councilmember Yukimura: Yes, I can understand that thinking. I guess I would like to know from the Administration, and I am not sure Janine, you are the one to answer. I think the Charter anticipated that there needed to be some movement or some ability to use those positions, and I agree that it raises eyebrows if it is really a radical change or something that is deliberating trying to thwart a Council intention or something. I think there might be practical needs for it, so either now or later, I think I want to hear from the Administration what kind of issues would come up for you if we did that. It does not have to be now. Okay. Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: I guess the request would be to have the Department Heads prepared to justify the positions when they come up. If it is the same old, "We are actively recruiting," gone. I am tired of that "actively recruiting." I know how

difficult it is. We are trying to get an Auditor. I know it is not easy. When you look at Laborer II, it is a Highway Fund position and it was vacant for one thousand one hundred (1,100) days. I do not know. I am not expecting you to answer. I am just saying, when I look at that.

Ms. Rapozo: I just wanted to clarify, some of them are long-term vacancies because they are only dollar-funded. So they have not been able to fill it.

Council Chair Rapozo: What?

Ms. Rapozo: It was dollar-funded maybe a couple of budgets, and so that is why there is one thousand (1,000) days.

Council Chair Rapozo: So it has not been vacant for one thousand (1,000) days?

Ms. Rapozo: No, it has been, but it has been funded only at \$1 for the last couple of budgets. So they are holding the position.

Council Chair Rapozo: Yes, but that is not because the Council dollar-funded it, right?

Ms. Rapozo: I am not sure. I would have to go back and look.

Council Chair Rapozo: I guess we will ask them, "Are you really promoting?" One thousand one hundred (1,100) days, that is a while. The Water Department, that is another story. They have some long ones. I do not know, the Traffic Monitor, I guess we have to ask the Chief about that. I know we had the little movement from Crossing Guards to Background Investigators or whatever, but these three thousand two hundred (3,200) days?

Ms. Rapozo: Yes. The Traffic Monitor was only created in the budget last year. So I believe they only funded it six (6) months. They really would not have been able to fill until January.

Council Chair Rapozo: But it is showing three thousand two hundred (3,200) days.

Ms. Rapozo: Yes. The position number was the School Crossing Guard that was vacant for that long.

Council Chair Rapozo: Okay. Well, we will ask the Chief if he has an intention to fill those positions. Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Thank you. I do remember in Information Technology (IT), a position that was open pretty long that was pretty critical, but they could not find the right person. I think after maybe three (3) years or something, they eventually

found that position. I think we threatened to remove it just before they found the person. It is good we did not remove it and it is good they found someone because I think it was a critical position. Especially the hard-to-recruit positions, if they are actually needed, we have to watch those. That is why a threshold other than ninety (90) days might be better.

Committee Chair Kaneshiro: I think that is why Council Chair Rapozo said we will ask them the question and be prepared to justify why we should leave the position on there.

Councilmember Yukimura: Case-by-case.

Committee Chair Kaneshiro: On a case-by-case basis. Are there any further questions? Councilmember Kagawa.

Councilmember Kagawa: The fear of that though, is that is what we have been doing all of these years. We have been asking them and we basically accomplished nothing because the answers are always different than the reality. Anyway, thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: But in the case of IT, they actually found somebody and filled it. So they turned out to have integrity in terms of what they told us and what happened. It is just kind of a balancing act, I think.

Committee Chair Kaneshiro: Okay. Are there any other questions on this?

Council Chair Rapozo: The vacancies?

Committee Chair Kaneshiro: On the vacancies. This is the last item we have for today. If not, we can get started working...what do we have tomorrow?

Councilmember Yukimura: Public Works.

Committee Chair Kaneshiro: Public Works for tomorrow. Are there any other questions? Okay, I think that is it. I just want to thank you folks for coming out and answering our questions. I know the Administration worked super hard on the budget. I know for a fact, you folks worked late on Fridays and I know you folks worked on the weekends also to try and get the budget done. I appreciate that and look forward to the rest of the meetings. I think you kind of got a feel for the types of questions that the Council is going to be asking. Have the Departments prepared to answer questions about vacancies, have some prepared to answer questions about the justification for equipment, and I think over time, justification on the Department's budgets is also going to come up probably almost with every single Department. Put the alerts out now to come prepared to answer those types of questions. With that, thank you again. I would like to recess the Departmental Budget Reviews. We will reconvene at 9:00 a.m. tomorrow, Friday, March 24th, where we will hear from the Department of Public Works.

There being no objections, the Committee recessed at 2:03 p.m.